SUPPORT TO VET REFORMS IN UZBEKISTAN (SVRP)

Inception phase report

Assessment of the Business Enabling Environment for Private Entrepreneurs in VET



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¹ Photo credit: Aziz Rasulov, Tashkent 2021

Abbreviations and Acronyms

DC dVET Donor Committee for dual VET

CC RUz Civil Code of the Republic of Uzbekistan

LLC Liability Limited Company

LC RUz Labour Code of the Republic of Uzbekistan

JSC Joint Stock Company

ILO International Labour Organization

ISCED The International Standard Classification of Education

ISCO The International standard classification of occupations

KODP-2020 Classifier of the core positions of servants and professions of

workers elaborated in 2020

LC RUz Labour Code of the Republic of Uzbekistan

MoELR Ministry of Employment and Labour Relations of the Republic of

Uzbekistan

MoPE The Ministry of Public Education of the Republic of Uzbekistan

NLA Normative legal acts

PKM RUz Resolution of the Cabinet of Ministers of the Republic of

Uzbekistan

PP RUz Decision of the President of the Republic of Uzbekistan

PPP Public-private partnership

UP RUz Decree of the President of the Republic of Uzbekistan

VET Vocational education and Training

Introduction

Small and medium-sized enterprises are one of main contributors to the formation of a competitive environment; the creation of additional jobs, as well as it activates economy restructuring and develops the consumer market.

The key objective of VET is to prepare skilled workers based on the needs of the economy and employment in MSMEs. The state policies ensure a balance of demand and supply of labour market and the mechanisms of interaction between vocational education system and the labour market.

The government of Uzbekistan pays attention to increase the youth employment and a source of income by using their knowledge and capacity obtained from specialisation, which they have studied in vocational education institutions. To the date, the issues of training and employment of graduates of vocational schools, colleges and technical schools are still not fully taking into account the needs of labour market.

The issue of inconsistency of the existing professions (specializations) and qualifications of VET graduates with the requirements of employers has become aggravated in recent years in connection with the structural transformations, same as an imbalance between the demand and supply of skilled workers in the labour market. The VET has offered this condition led to a mismatch between the labour market needs and educational programs, thus, in 2020 this resulted in lack of opportunity for about 200 thousand youth to find a job at various sectors of the economy after completion of their vocational education.

In 2021, the government has announced a dual education in VET in order to prepare school graduates to learn specialised professions by separated into theory and practical training modules, and internships in enterprises. There is an opinion among the VET stakeholders that the demand from the labour market can be realized through the effective functioning of a dual education model in which the industries and MSMEs will invest in VET. However, this opinion is not always reasonable. A wider engagement of MSMEs into the VET leads to advantages for the business environment if those conditions from the state provide favourable economic incentive for MSMEs for collaboration with VET institutions. On another hand, the lack of a competitive environment in VET demotivates MSMEs to invest their assets, finance and intellectual capitals to trigger education, examination and certification processes in VET system. Because the dominance of major VET institutions are allowing them to impose to users their less attractive school-based education and training.

The objective of this research is to assess the business environment conditions, which enable or restrain the collaboration between the MSMEs and VET institutions. Collaboration in the matter of training, education, and examination, as well as their successful and problematic aspects will be studied in the framework of this research.

The methodology of the research is based on the desktop study and conducting interviews with MSMEs, business association and VET school. The results of the research will help to identify the possible ways of development of the "Support to VET Reforms in Uzbekistan" project, which can learn the favourable factors to promote collaboration between VET providers and MSMEs.

1. Frame conditions for VET and the engagement of the business sector

1.1 Social domains

The system of vocational education and training (VET) in Uzbekistan is unified and continuous for attendance as per Article 6 of the Law RUz "On Education". The development of vocational education system in Uzbekistan has its own historical roots. Before the state independence the VET system had been based on the principles of planned and socialist economic development of the Soviet education system. The system did not need to meet market conditions due to the institutional structure of private business sector was absent.

The actors of economic (entrepreneurship) activity are subdivided into two types:

- private companies and companies with a state share in management
- business associations, federations of trade unions, chambers of commerce and industry, inter-sectoral councils

It is believed that the involvement of the business sector in vocational education will strengthen the quality of the vocational education and training process in general, also strategically beneficial for private sector to meet their demand for middle-level personnel per profession and specialisation in need. Today the formation of the relationship between the private sector and vocational education in Uzbekistan is envisaged through the introduction of a dual system of vocational education.

However, to the date the regulatory framework to organize dual education in the VET system is not sufficient for both VET and business to engage in. The new regulation on dual education has still to be built before to access the effectiveness of implementing the dual education system in Uzbekistan.

1.1.1 Dual education

The economic relations between the VET institution and the business sector are newly reflected in the *Resolution on measures to organize dual education in the vocational education system* (PKM RUz № 163, 29.03.2021). The purpose of this new regulation is to organizing the educational process and learning-on-the job activities for students. However, this regulatory document does not indicate measures to prepare teachers, instructors and masters for dual education in vocational schools, enhance capacity of teaching and mentoring in compliance with dual education.

The above-mentioned resolution focuses on the demand for middle-level personnel per profession and specialisations by both large enterprises and small and medium-sized businesses. PKM № 163 ideally creates a regulatory framework to involve the business sector in vocational education in order to design the process of vocational education by the market itself, combining the resources, on-the-job training, mentorship, internship and employment.

Despite that the introduction of dual education has formally begun in 2021 after the adoption of PKM RUz № 163. However, the relations of vocational education with large manufacturing enterprises-giants were already in place in the historical past of the Soviet period in the country.

The study of the PKM № 163 and outputs of series of surveys with the representatives of small and medium-sized businesses (MSMEs) and vocational schools revealed the factors hindering the partnership of small and medium-sized businesses and vocational education via introduction of dual education. The key factors are highlighted below:

Hindering factors:

Clause 4 of PKM № 163 envisage the organization of annual vocational orientations to attract students to study in dual training programs based on internal approved plan in the vocational education institutions. For instance, the requirements, tasks and activities of VET institutions to implement dual education starting from 2021/2022 are noted in Resolution PKM № 163 in surveyed professional school in Tashkent, there was not noticed such plans to adapt the curriculum of year 2021 to the system of dual education and the development of teaching materials for educational and on-the-job learning at enterprises involved in dual education.

According to the Presidential Decree "About measures for cardinal enhancement of system of assessment of qualifications and providing the labour market with qualified personnel " (№ PP-4939 dated December 31, 2020) there were made several changes to the Classifier of the main positions of employees and professions of workers (in new version KODP-2020):

- the requirement for the minimum level of education is cancelled, and there were established the requirements of qualification level for each position and profession in accordance with the qualification framework;
- to harmonise the positions and professions in accordance with the International Standard Classification of Occupations (ISCO 2008).

The classifier is used to systemise the main positions of employees and professions of workers, qualification ranking and job categories, as well as requirements for the education qualification levels (KODP-2020).

The introduction of a new Classifier of the main positions of employees and professions of workers shortly KODP-2020 (new for enterprises) has not yet contributed to the widely creation of new targeted curricula for dual education by vocational and technical schools.

The resolution on dual education and the norms of the CC RUz and the LC RUz² regulate the civil labor relationships between representatives of small and medium-sized businesses and vocational education institutions. The prospect of signing an employment contract between the parties of dual education will be the legal basis for establishing the relationships with entrepreneurs. Today, the absence of such employment contracts³ is a hindering factor for relationships and involvement of small and medium-sized businesses in the vocational education.

Discussions during the visits to the vocational education institutions and issues of student employment it was found out that an interest is one-sided among small and medium-sized businesses regarding the employment of students by them. Small and medium-sized businesses are not interested in signing fixed-term employment contracts with professional schools. However, the involvement of the student to work and gain practical skills to a greater extent takes place within the framework of doing internship which is mandatory and part of curriculum in VET school. And as such, the payment for the student labour during the period of internship is not high, and sometimes even completely absent in MSMEs.

According to the management of professional schools, small and medium-sized businesses do not pay attention to the profitability of labour relations with VET school, since the issues of training in enterprises and subsequent employment of a graduate are still burdensome for small

² CC - Civil Code of the Republic of Uzbekistan, LC - Labor Code of the Republic of Uzbekistan.

³ The introduction of an employment contract in the dual system is envisaged in the Resolution to PKM RUz № 163, 29.03.2021 "On measures to organize dual education in the vocational education system".

businesses. It is associated with the high costs of production itself and the sustainability of the production process in future, taxation and due to the lack of HR service at small and medium-sized enterprises dealing with the issue of hiring, monitoring and training of graduates of vocational schools.

Recommendations:

Most likely, the involvement of the VET student in the production cycle of the enterprise within the framework of obligatory internship provides an opportunity for small and medium-sized business to attract labour resources (i.e. students of vocational and a technical school) when enterprise has large production sales, as well as during the lack of its own labour resources at the summer vacation period when students may also have holidays. This is a fact of non-regulatory environment contradicting with regulations (labour code) regarding the working days and holidays in Uzbekistan for teenagers age of 16. In most cases, small and medium-sized businesses are interested in offering vocational and technical schools the opportunity to organize summer internship for students, and this characterizes only the one-sided interest of this kind of relationship with VET institutions.

Based on the existing conditions, it would be advisable to study the possibility of providing small and medium-sized businesses tax incentives or subsidies within the two years from the date of official employment of VET school graduates in prioritised specialisation of dual education. As an example, Uzbek Chamber of Industry and Commerce (CCI)⁴ could be involved in policy dialogue with Government regarding the tax subsidies for MSME- members of CCI, which supports and cooperates with VET schools regarding the employment, training and internship for VET school students and graduates.

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⁴ Chamber of Commerce and Industry (CCI) of Uzbekistan is not-for-profit and nongovernmental organization. In accordance with its Charter, CCI is representing the interest of their member companies (business entities) in various business events (domestic and abroad). CCI ensures favorable legal, economic and social conditions for the implementation of entrepreneurial initiatives of the members strengthen favorable business environment and investment climate in Uzbekistan. (Art 3. ZRU № 483 dd. 09.07.2018 on Amendments and additions to the Law about CCI).

1.2 Political and legal domains

1.2.1 Regulation

The government represented by the administrative authorities⁵ is the customer (i.e. the one who places the order for provision of service) of the formal vocational training sector in Uzbekistan. The government role is endowed with broad controlling and coordinating power, primarily in ensuring the quality of vocational education, introducing the compulsory state standards and curricula for VET.

As of today the relationship between the government and small and medium-sized enterprises (MSMEs) is for solving issues such as agreeing a budget for the construction of VET institution facilities, programs to ensure food supplies, organizing maintenance and providing communal services for vocational education institutions. All these holds the nature of administrative cooperation with the business sector rather than social partnerships for quality of VET.

The ownership and management of vocational education are closely related to the sources of financing. In Uzbekistan the financing of vocational education is sourced both from the national and local budget⁶ of the country. Thus, depending on the area of interaction and the rules of project financing have big or little effect on how the business sector is committed to cooperation on financial and investment with the vocational education sector (Dieter Euler, DC dVET.2019).

With the adoption of the Law on PPP⁷ in 2019 the country intends to develop partnership in the vocational education sector to solve existing problems by attracting private sector investments. The PPP agreement in vocational education primarily is an agreement between the state, a vocational education institution and a private business entity (legal entity or individual). The Law regulates the relations in the field of public-private partnerships, including concessions, and does not have provisions specifically addressed PPP in education sector.

In addition to the Law on PPP and the number of adopted laws and government resolutions ZRU № 637 "On Education", PKM RUz № 163, UP RUz № 5812, PP RUz № 43918 provide measures for cooperation with the private sector and the development of social partnership in education.

The utilization of PPP potential in vocational education is still in its early stages. Over the past 30 years there were not implemented large-scale and demonstrative PPP projects in vocational education in the country. Worth to note there is a quite a positive experience and trends in PPP projects in preschool education. This can be attributed to the fact that private investment in this sector is less risky. There is a demand for preschool education services with an annual increase in the birth rate with good prospects in this market segment for investment for private sector.

⁵ Bodies of state executive power - the Cabinet of Ministers, sectoral ministries, state committees, local executive authorities (khokimiyat), etc.

⁶ The budget allocated from the regional own tax base for the development of the regions. Approved by local executive authorities.

⁷ ZRU № 537 dated 05/10/2019 Law "On Public Private Partnership".

⁸ ZRU № 637 dated from September 23, 2020 "On Education", PKM RUz № 163 dated from March 29, 2021 "On measures to organise dual education in the vocational education system ", UP RUz № 5812 dated from September 6, 2019, "On additional measures to further improvement of the vocational education system", PP RUz № 4391 dated from 07/11/2019 "On measures to introduce new management principles in the system of higher and specialised secondary education".

The study of the legislation on PPP and findings from interviews with MSMEs and vocational schools, I note several factors hindering the MSMEs to partnership with the state in vocational education.

Hindering factors:

There are no regulations to develop by VET institutions based on PPP mechanisms. The development of partnerships with the private sector is mainly limited to treaty (contractual) relationships to outsource certain types of services related to the infrastructure of vocational schools. For example, on the utilisation, maintenance and cleaning of buildings and facilities, sports facilities, the maintenance of computer equipment and telecommunication networks and the provision of legal services. All below are number of systemic problems that hinder the use of the potential of PPP in vocational education for cost compensation, sharing of risks, obligations and competencies:

- High hierarchy and the level of bureaucracy in the administrative management of vocational education,
- A complicated system of allocating and spending the budget for PPP,
- The structure of taxation for educational projects,
- The absence of incentives of vocational schools in scientific and educational cooperation with the private sector to develop innovation.

Recommendations:

It is advised to learn an international experience, analyse the current legislation and determine the general state PPP policy in vocational education. There was established Agency for development of public-private partnership under the Ministry of Finance to perform PPP development in all economic and social spheres. It is a single specialized agency in Uzbekistan, which determines the management and moderation of PPP agendas to automate processes and develop investment projects in vocational education. The agency will unite the systemic efforts of all state institutions in PPP, and going to provide market comprehensive legal and administrative support, consulting and informational assistance for participants. Such support is still generally absent in the vocational education system. Some of successful example of PPP projects, it can be noticed two projects of the Agency on education sector: 1) Establishment of 14 public schools on the basis of PPP, 2) the automated information system "Kundalik", which combines the electronic document management for primary schools and tools for social networking between all participants in the educational process: teachers, parents and children.

An example of "Kundalik" can be helpful to learn the effective establishments for PPP between education and business sector. The system allows scheduling lessons online, creating lesson plans for teachers, and keeping track of attendance and children progress in electronic journals and diaries. In addition, the system provides educational institutions and educational authorities with tools for generating statistical reports. It is included in the TOP-10 sites of Uzbekistan in terms of attendance. The system is being implemented in primary schools of Uzbekistan according to the order of the MoPE № 251 dated October 8, 2018. "On the implementation of a digital educational platform based on the automated information system "Kundalik". The software support and service desk is performed by local Limited Liability Company "Kundalik".

⁹ National and local

There are no examples to mention about successfully running PPP projects in the VET sector of Uzbekistan, nowadays. Therefore, it is needed to develop a legal position on ownership, tax structure and the regulation of conflicts of interest in PPP contracts in VET; to increase the level of transparent competitive procedures and access of small and medium-sized businesses to PPP projects. It is advisable to train qualified specialists in PPP and improve the qualifications of civil servants in VET system for effectively functioning of the PPP mechanisms.

1.2.2 Labour Law

The balance of demand and supply of labour is the most important task of the government employment policy. One of the main mechanisms to solve this problem is the interaction of the vocational education system with employers.

Article 77 and Art.241 of the Labour Code of the Republic of Uzbekistan states that the employment is possible upon reaching the age of 16. All legal relations (Article 82 of the Labour Code of RUz) of employment at enterprises are carried out on the basis of the issued order of employment and the signed labour contract with the employee. Labour legislation prohibits the carrying and movement of weights by minors exceeding the established norms:

- 1) boys: 14 15 years old 3 kg, 16 17 years old 4 kg;
- 2) girls: 14 15 years old 2 kg, 16 17 years old 3 kg.

Table 1 Employment age restrictions for students of VET schools at business entities in Uzbekistan

Age	The terms to attract a student of a vocational education institution to work and practice at business entities.
Under 14 years old is prohibited	An exception for students of vocational schools, colleges and technical schools may be in professions like theatre, cinema and circus, since the involvement of students under the age of 14 by performing the role of a child in movies, theatres and circus performances is possible only with the permission of parents or legal guardians of a child ¹⁰ .
15 years old	As an exception with the consent of the parents or legal guardians when employed at minor's free from school time.
16 years old	Allowed to work on a general basis with limitation of working hours, i.e not more than 24 hours per week ¹¹ .

It is also important to consider the issues of organizing and doing industrial internship for VET students at enterprises. Since this issue is directly related to the issue of further employment of graduates of reforming institutions after the successful completion of training programs and internship at the enterprise. Regulatory document PKM RUz № 40 dated from 11.02.2009¹² explains the procedure and rules of industrial internship for VET students. As of today, this is a

¹⁰ These norms do not contradict part 6 of Convention 138 of the International Labor Organization (ILO).

¹¹ Art 242. Labor Code of Uzbekistan. For adults, it is defined 40 working hours during the 5 working days in a week and not more than 42 hours for 6 working days in a week.

¹² PKM RUz № 40 On improving the organization and conducting of industrial internship for students of professional colleges

one-of-a-kind normative act regulating the on-the-job learning for VET students. Institutions of vocational education are signing a contract with enterprises a month before the start of internship.

The findings from interviews with business entities and vocational school shows the factors creating difficulties in employment, especially for graduates of vocational schools and colleges with technical specialisations in organizing and doing internship at enterprises.

Hindering factors:

Technology manufacturing enterprises, such as Artel Engineering and Management are not always interested in signing agreements with vocational education institutions regarding the organization of internship.

The company representatives believe that the requirements in regulation¹³ prohibiting the use of minors' labour create certain difficulties for Artel to ensure employment and internship for minors associated with the risks to the health during the production cycle. They also believe that the competence of current graduates of vocational schools and colleges is insufficient to work in production. Furthermore, the quality of safety training programs in the vocational schools and colleges do not meet the requirements for starting work in the company. Small and medium-sized businesses are not always ready to spend additional funds on training VET students at the workplace. Therefore, such enterprises which need new employees give preference to "ready workers" came from other enterprises, considering that preparing and teaching a VET student at work place is the responsibility of the vocational schools and colleges themselves.

On the other hand, significant achievements can be noted in terms of training and education in enterprises. Such companies as Texnopark put significant importance to the training and preparation of VET young specialists and students, to involve them subsequently in production.

The Texnopark is Limited Liability Company established in 2019. It is a group of industrial enterprises focused on production of import-substituting industrial products and household appliances in a broad line. Currently 5000 employees are occupied in 12 production facilities (Electronic gas measuring instruments, Household refrigerators, Industrial air conditioners and cooling systems, Elevators and escalators, Water pumps, Moulding press and molds, Fittings and accessories for doors and joiners, Aluminium composite panels, Panel-type radiators, Steel structures and sandwich panels, industrial refrigerators and freezers and Washing machines.

The Texnopark has a training centre offering accelerated (14-day) training programs for young professionals with vocational education. Accelerated training programs are organized by using robots and computer stimulators. Each young specialist is required to undergo training in industrial safety. Upon completion of the training the centre issues a certificate and technical document for admission to certain types of work, such as welding, customisation and cutting. In 2021 Technopark made an agreement about the organization of internship and subsequent employment of graduates of 3 colleges, 1 technical school and 1 vocational school. Currently, 28 college students undergo practical training at the Technopark enterprises.

¹³ Resolution on the requirements prohibiting the use of minors' labour as an annex to the decree № 88/1 of the Ministry of Employment and Labor Relations and № 1 of the Ministry of Health of RUz № 88/1 of 15.01.2010



Photo 1 Simulation of driving the warehouse machinery



Photo 2 Training Center of Texnopark

1.3 Economical domains

1.3.1 Service infrastructure

The Government pays great importance to the development of the service infrastructure of in the VET. However, VET sector suffers from such general economic gaps as, on the one hand, a high level of depreciation of infrastructure facilities and limited budgetary resources, on the other hand, business uncertainty. Local executive authorities (khokimiyats), ministries, Chamber of Commerce and Industry, State agency for Youth Policy Development all have certain responsibilities for establishing service infrastructure in the VET.

1.3.2 Access to knowledge and innovation

The modern economic relationship identifies three forms of cooperation between vocational education and business. There are traditional (sharing of assets and investment - PPP), direct investment (joint investment in infrastructure development) and scientific and educational (cooperation in the field of innovation and knowledge).

Innovation in vocational education is a process and result of purposeful, effective changes based on innovations, providing a qualitative renewal and development of individual components and an integral system of vocational education. (G. Abilkasimova 2015. p.41-43). An innovation in vocational education is the idea, the result of applied and fundamental research in the technological, pedagogical, organizational and managerial, socio-economic spheres.

The reforms in education sector and adoption of new Law on Education in 2020 are examples of government policy to create opportunities for students to study specialized professions at VET schools and meet better the demand from the labour market. In order to achieve this goal, access to knowledge and innovation play significant role in educational reforms. However, the process of innovative approach in teaching, learning and training in VET sector is still not sufficiently scaled (or not sufficiently put into action) with the involvement of MSMEs. It should be noted that projects on VET and grants from the WB, UNDP, USAID, ADB, GIZ, Swiss Development Agency/Helvetas, World Skills over the past decade are being implemented to improve the access to innovation and knowledge in VET system.

1.3.3 Provision of Equipment and Teaching Materials

The financial resources in VET institutions are limited, this is associated primarily with low state budgetary provision, and funding, VET schools primarily expect technical support from the business sector. In an interview with the manager of the vocational school, it was mentioned about regularly demand for equipment, renovation works, provision of consumables for the educational process, renovation of premises, assistance in organizing competitions, and the creation of joint educational projects were MSMEs

It would be advisable to explore various options to attract industry, including MSMEs, to invest in equipment and teaching materials, one option could be to provide for the possibility of exemption or reduction of income tax for companies that support or donate assets and equipment to VET schools educational program.



Photo 3 Simulation of assembling and welding process at training center

2. Areas of engagement of business sector in the vocational education and training

In writing this chapter, the methodology for assessment the area of business sector engagement in VET was used, and this methodology developed by DC dVET and published in the Working Tool for Policy Design in Development of Cooperation Part 1 and Part 2.

The survey with the companies and vocational school also included the questions from Part 2 "Working Tool for Policy Dialogue and Project Design in Development Cooperation", which were applicable for gathering information about real cases of collaboration with MSEMs.

The results are presented in <u>Table 2</u> below. The structure of questionnaire is designed in a tabular form divided into 7 areas of engagement of the three business sectors (electronic production, telecommunication and food/catering) in school-based training systems. The survey was done among companies listed in Annex 5.1.

Table 2 Areas of engagement of private sector in VET by level of involvement

Table 2 A	reas of engagement of private sector in VET by level of involvement			
		Legend	0 - No engag	ement
		Legenu	1 - Little engagement	
			2- More eng	gagement
			Industry	
		Electronic production	Telecom- munication	Food and catering
1	Participation of the Business Sector in School-Based Training Sy	stems		
A	Company visits	2	2	1
В	Projects within companies	0	0	1
С	Short-term internships	1	1	0
D	Long-term internships	0	0	0
Е	Contractual partner in an apprenticeship or dual studies	0	0	0
2	Cooperation in Examinations and Certifications			
A	Business sector participates in a mixed (public-private) exam commission	1	1	1
В	Business sector contributes to the design / selection of exam questions	1	1	0
С	Business sector contributes to the execution of exams	0	0	0
D	Business sector contributes to the marking of exams	0	0	0
Е	Business sector contributes to the quality check of exams	0	0	0
3	Qualification of Teaching and Training Staff			
A	Training staff is systematically introduced in their roles and responsibilities	1	0	0
В	Companies offer internships for VET teachers	0	0	0

C	Experts from the business sector take on defined teaching phases at VET schools	0	0	0
D	Umbrella organizations offer specific courses, seminars, etc. for VET teachers and / or incompany trainers	0	0	0
Е	Resources (e.g. a "partnership funds") are available for exchanging VET personnel between different learning venues	0	0	0
4	Provision of Equipment and Teaching Materials			
A	Companies provide access to authentic work tools, material or documents for VET schools	1	1	1
В	Companies provide access to modern technology for VET schools (e.g. for conducting learning projects)	0	0	0
С	Companies provide practice-related teaching material to increase the relevance and quality of VET at schools (e.g. project / case assignments)	1	1	0
5	Cooperation in Governance – Ambassadors in VET			
A	Business representatives serve in local school boards	0	0	0
В	Business representatives serve at local/regional level for bodies dealing with VET strategy / policy issues	0	0	0
С	Business representatives serve in national VET bodies (e.g. umbrella organizations, national VET agencies, advisory boards) dealing with VET strategy / policy issues	0	0	0
D	Renowned business representatives promote VET publicly speak out publicly in favour of VET	0	0	0
Е	Business sector takes on responsibility within Private-Public Partnerships	0	0	0
6	Cooperation in Curriculum Development			
A	Articulation of qualification requirements	0	0	0
В	Appraisal and validation of curriculum drafts	0	0	0
С	(Co-)Deciding on final draft	0	0	0
D	Participation in curriculum evaluation	0	0	0

Е	Regular updating of curricula	0	0	0
7	Participation in Financing			
A	Training allowances / apprentice wage	1	0	0
В	Additional expenses for apprentices / trainees (e.g. insurance, travel expenses)	1	0	0
С	Time spent by company personnel (e.g. trainer)	0	0	0
D	Material, tools, technology provided	1	0	0

Summary

This study revealed several areas for attention for better cooperation between MSMEs and VET institutions. It is important to note that actors of business sector and VET are not part of one system yet, which are cooperating tightly towards mutual goals (either personnel development or employment). It is also important to note that the lack of engagement is due to novelty of the dual education system in VET system in Uzbekistan. There are following findings for better engagement between those two sectors:

- The government is the one who places the order for provision of service to the formal VET sector in Uzbekistan. The duties and authorities of government also consist controlling and coordinating the VET system and delivering education through its VET institutions. As of today, the relationship between the government and MSMEs holds the nature of administrative cooperation (i.e. delivery of services like construction, maintenance, food catering, etc) rather than social partnerships for quality and delivery of VET. The demand for graduates of VET primarily set by employer, i.e. MSMEs, however, the MSME is not party in curriculum development for VET or quality assurance and admissibility of exam results and graduation/completion certificates. None of interviewed businesses was previously invited or currently participates in the development of study curricula, internship programme or examination in VET system. It is recommended to correspond the demand from market and requirements for employment qualification with VET quality assurance through direct involvement of private sector representatives. Considering that the direct involvement from business sector requires inputs or expenses (time, human resources, etc), it is important to create incentives for cooperation, like reputational and monetary incentives for business sector.
- The ownership and management of VET system are closely related to the sources of financing, which is fully state led. The PPP concept and mechanisms are not yet utilised to attract private sector investments for mutual beneficial social partnership in education. There is a complicated system of allocating and spending the budget for the education process by VET institution for PPP. On the other hand, the structure of taxation for educational projects also does not attract private sector. It is needed to increase the level of transparent competitive access of small and medium-sized businesses to PPP projects.
- To the date there are no examples to mention about successfully running PPP projects in the VET sector of Uzbekistan. Therefore, it is needed to develop a legal position on ownership, tax structure and the regulation of conflicts of interest in PPP contracts in VET. It is advisable to train qualified specialists in PPP and improve the qualifications of civil servants in VET system for effectively functioning of the PPP mechanisms.
- Small and medium-sized businesses are not interested in signing fixed-term employment contracts with professional schools. To a greater extent it happens within the framework of industrial or educational internship. Moreover, as such, the payment for the student labour during the period of industrial internship is not high and sometimes even completely absent in small businesses. It is mostly due to limited profit of businesses, high costs of production, taxation and the lack of HR service at small and medium-sized enterprises. The latter of which is not organised by VET institution either including legal and labour advisory for their students. Based on the existing conditions, it would be advisable to study the possibility of providing for businesses tax incentives or subsidies for period from the date of official employment of a young specialist in prioritised specialisation of dual education. As an example, Uzbek Chamber of Industry and Commerce (CCI) could be involved in policy dialogue with Government regarding the tax subsidies for MSME members of CCI, which supports and cooperates with VET schools regarding the employment, training and internship for VET school students and graduates.

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- Considering the unpredictability of job availability for small businesses, they may have little interest in signing agreement for prospective employment. Furthermore, private sector does not experience acute lack of applicants for vacant places. The supply is higher than demand. Therefore, in order to increase the job placements, there is a need for business incubators at the premises of higher education and VET institutions. The producers in cluster are also potential job placeholders and can include the VET education institution as integral part of cluster system.
- The legal basis for establishing the working relationship between VET institution and the entrepreneurs is signing a memorandum or prospective employment contracts. Today, it is widely in absence in the vocational education system. The signed agreements bring rights and obligations into force, and may prevent both parties from taking obligations. One of examples of successful cooperation is Texnopark experience. The mutual benefit from Memorandum of understanding between VET school and enterprise, which holds own Training Centre is based on exchange of teaching personnel and simulation training facilities. Once the private training centre has developed state approved training programme backed with international standards internally adopted by the manufacturer (ex, ISO, Good Manufacturing Practice, etc) the on-demand knowledge became an interest for education institution to build mutual relations.

The only regulatory document, which outlines internship of VET students at enterprises, is PKM RUz № 40 "On improving the organization and conducting of industrial internship for students of professional colleges". This regulatory act adopted in 2009. It is recommended to update exiting national Regulations or adopt a new regulatory act (i.e. PKM RUz or Decree of MoHSSE UZ, Ministry of Labor) to define the terms of internship and training courses for VET students in compliance with the needs of modern production technological cycles in business entities. Moreover, adopting a new regulatory act improves the dual education process, strengthen guarantees protecting the rights and legitimate interests of business entities in VET, and improves the business environment and implementing PPP in VET sector as well.

- A regulatory framework on organisation of dual education in VET system is not sufficient for both VET and business to engage in. Experience with the new regulation has still to be built before its effectiveness becomes clear.
- The requirements in regulation prohibiting the use of minors' labour create certain difficulties for business to ensure the employment and internship for minors associated with the risks to the health during the production cycle. The State Labour Inspectorate under the MoELR¹⁴ is authorized to consider the cases of violation of legislation concerning the involvement of minors in a hazardous production cycle doing industrial internship in enterprises. VET schools must strictly comply with the requirements of labour laws on this issue, prioritise the health of children and implement all measures to avoid injuries. It is necessary to improve the controlling mechanisms in VET institutions to prevent violations of labour legislation and the risk of harm to the health of students during the practical training at enterprises.
- The competence of current graduates of vocational schools and colleges is insufficient to work in production. Furthermore, the quality of safety training programs in the vocational schools and colleges do not meet the requirements for starting work in production cycle. Small and medium-sized businesses are not always ready to spend additional funds on training VET students at the workplace. Those champions like Texnopark have established a process of in-house certified training for newly hired employees, however they have up to 300 persons training capacity for labour intensive jobs like welding, customisation and cutting. These kind of trainings, examination

¹⁴ Ministry of Employment and Labor Relations of the Republic of Uzbekistan

and certifications are in place only within the premises of big manufacturers, and they are backed with international standards internally adopted by the manufacturer (ex, ISO, Good Manufacturing Practice, Organic certification, etc). In case VET institutions do not have required inputs to sustain costly and resource intensive programmes, they can be outsourced under the PPP or consultancy contracts.

- The qualification of teaching staff is another question, which also requires trainings and integrity with recent trends and market demand. These can be organised through communication and digital tools like Forums, Knowledge platforms, Newsletters, Fellowship schemes. It is important that these activities are inside the accounting of full-time working hours and HR processes.
- Despite that Resolution №163 is adopted, in targeted VET institution there was not noticed plans to adapt the curriculum of year 2021 to the system of dual education and the development of teaching materials for educational and on-the-job learning at enterprises. For example, the Open Days at the facility of business enterprise for VET students has been organised by the request from VET schools. Moreover, VET schools gain the idea on possibility to organise a trip to company from informal information exchange through the network rather than established relationships between VET and business. This may also due to high hierarchy in the administrative and educational management of vocational education. The models of private higher institutions in Uzbekistan can be learnt in this case, when education institution relies on financing based on demand for their services than fixed, annual state financing from the national budget.
- The Classifier of the core positions of servants and professions of workers KODP-2020 is not utilised widely by VET to create new and targeted curricula for dual education. The positions and professions in recent Classifier is harmonised with the ISCED-2011 and the grading of education level shall instruct VET institutions on professions under their umbrella (grades 1-5).
- There is only few of examples of collaboration between VET schools and companies that go beyond providing internship places. Any positive or negative experiences can provide for feeding discussions between MSMEs and schools and further promotion of collaboration.

I'd like to thank the enterprises that shared their experience and tools with me, and allowed me to use materials they shared with me during the interview. These enterprises are listed in <u>Annex 5</u>. Interview with the enterprises were conducted in Tashkent.

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- 2. Закон РУз ЗРУ № 537 от 10.05.2019г. «О Государственном частном партнерстве»
- 3. ПП РУз № ПП-4391 от 11.07.2019г. «О мерах по внедрению новых принципов управления в систему высшего и среднего образования»
- 4. ПКМ РУ № 1009 от 13.12.2018г. «Об организации деятельности Агентства по развитию государственно-частного партнерства при Министерстве финансов Республики Узбекистан»
- 5. Labour Code of RUz
- 6. ЗРУ № 483 от 9.07.2018г. «О внесении изменений и дополнений в закон Республики Узбекистан «О торгово-промышленной палате республики Узбекистан».
- 7. ПКМ РУз № 40 от 11.02.2009г. «О совершенствовании организации и проведения производственной практики учащихся профессиональных колледжей»

4.2 Monographs, training manuals, brochures and other literature

- 1. Ibw Austria Research & Development in VET, Kurt Schmid. Discussion Note. Companies Engaging in Dual VET: Do Financial Incentives Matter? Approaches in Austria, Germany, Liechtenstein and Switzerland Options, Pros and Cons for Reform Processes. DC dVET, 1st edition, Zurich 2019.
- 2. Prof. Dr. Dieter Euler. Engaging the Business Sector in Vocational Education and Training. Working Tool for Policy Dialogue and Project Design in Development Cooperation. Part1: Study and Part2: Questionnaire. Institute of Business Education and Educational Management, University of St Gallen. DC dVET, 1st edition, Zurich 2019.
- 3. Г. Абулкасимова Инновационные процессы в профессиональном образовании // Международный журнал экспериментального образования. 2015. № 11-1. С. 41-43; URL: https://expeducation.ru/ru/article/view?id=8289 (дата обращения: 08.09.2021)

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- 4. https://www.ilo.org/global/topics/apprenticeships/publications/toolkit/innovations-and-strategies/promoting/creating-enabling-environment/lang--en/index.htm
- 5. https://www.ilo.org/global/topics/apprenticeships/publications/toolkit/innovations-and-strategies/promoting/enterprises/lang--en/index.htm
- 6. https://www.bss.uz/news/940-chto-uchest-buhgalteru-v-rabote-s-1-marta-kratkiy-obzor-izmeneniy

5. Annex

5.1. List of visited organizations / participants / results of the meetings

Table 3 Results of the meetings with companies and associations engaged in secondary vocational education and training sector of Uzbekistan

Nº	Organisation	Contact person / position	Meeting dates	Outputs of the meeting
1	Professional school №1, Chilanzar district Tashkent city	Ziyamukhammedov Bakhodir Israilovich – Director Razzakova Sohiba – Deputy Director, responsible for training and internship of students at enterprises	28.08.2021	 An overview of school-based training and opportunity for engagement of MSMEs in VET has been received. The issue of hindering factors and opportunity for collaboration with business sectors was discussed Availability of agreements and contracts with companies regarding the employment of graduates and internship Interview conducted by use of questionnaire of the Working Tool for Policy Dialogue and Project Design in Development Cooperation, DC dVET
2	LLC Artel Engineering and Management	Mamatov Lazizbek Azizbekovich – Head of HR Department Salohitdinov Umid - Deputy Director for export and foreign economic relations	28.08.2021	 An overview of scope of activities has been received The issues of company engagement in VET, existing opportunity and challenge in collaboration with VET schools were discussed Interview was conducted
3	Chefs Association of Uzbekistan	Umaraliev Tolibjon Kuchkaraievich— Director of international center of uzbek culinary art	30.08.2021	An overview of scope of activities has been received.

				 The issues of company engagement in VET, existing opportunity and challenge in collaboration with VET schools were discussed. Interview was conducted
4	LLC Texnopark	Ms Iroda Temirovna- Head of HR Department Mr Sherzod Mirzoev- Head of recruitment unit Mr Behruz – specialist of recruitment unit Mr Otabek – specialist of protocol department Mr Botir – head of education center Mr. Sardor- specialist of protocol department	30.08.2021 07.09.2021	 Study tour in Texnopark: visit production facilities and education centre. An overview of scope of activities has been received The issues of company engagement in VET, existing opportunity and challenge in collaboration with VET schools were discussed Interview was conducted in HR Department.
5	JSC Uzbektelecom Tashkent Branch	Kamolitdinov Fakhritdin Zukhritdinovich - Head of HR unit	31.08.2021	 An overview of scope of activities has been received The issues of company engagement in VET, existing opportunity and challenge in collaboration with VET schools were discussed Interview was conducted in HR Department

5.2. Terms of Reference

Terms of References for

Local expert on assessment business enabling environment in VET of Uzbekistan Mr. AZIZJON RASULOV

1. Background

The VET sector in Uzbekistan is undergoing a large-scale reform with many fundamental changes triggered by presidential decrees published between 2017 and 2019. The Education Sector Plan (ESP 2019–2023) is one of the instruments elaborated by the Cabinet of Ministers to strengthen the education sector as a whole. The Government is paying special attention to ensuring that the VET system can address the current needs of the labour market. However, the assessment of the VET sector shows that the current state of the system does not yet meet modern requirements (e.g. outdated curricula and training material, failing relations with employers, lack of IT hardware), which points to the need for more fundamental reforms. In particular, the country needs to establish a more diversified corporate culture and promote entrepreneurship skills, training and professional development based on business needs.

SDC, the Swiss Agency for Development Cooperation has commissioned to Helvetas Swiss Intercooperation (Helvetas) the implementation of the "Support to VET Reforms Project in Uzbekistan". The project aims to provide support to stakeholders in operationalising VET reforms in terms of governance, quality assurance, private sector and industries participation as well as teaching capacities, to ensure and promote flexibility and consistency between the vocational education system and the labour market to serve national and regional economic development priorities. The project starts with an inception phase of nine months between March and November 2021, followed by the first Operational Phase of 4 years starting from the 1st of December 2021.

2. Objective of the Consultancy

The overall objective of this consultancy is to contribute, where necessary in collaboration with experts from Helvetas Head Office and/or its partner SFIVET, to the inception of the project in the following areas:

Strong engagement of MSMEs can enhance the relevance, quality and attractiveness off VET. Assess the business environment conditions that enable or restrain the collaboration between the private sector, and in particular MSMEs, and VET institutions.

The assessment will identify in which way the project can use favourable factors to promote collaboration between VET providers and MSMEs. On the other hand, the ways in which the project can facilitate the diminishing or removal of hindering factors so that collaboration can be strengthened.

The consultant shall assess the regulations, services, and infrastructure, access to knowledge and innovations, networks etc. that are available for MSMEs to facilitate their involvement in VET. How is collaboration between VET providers and the private sector promoted or being hold back, influencing the professional perspectives for young VET graduates? This is important both from the point of view as job seekers and as starting entrepreneurs.

The assessment shall give due attention to ongoing and upcoming donor-supported activities in that intend to improve the business enabling environment in Uzbekistan

3. Main Tasks of the Sub-contractor and indicative time frame

	Task	Time estimation			
3.1	Propose methodology and outline of workplan to Team Leader,	0.5 days			
3.2	Conduct desk study to map the enabling environment for MSMEs to collaborate with the VET system. Guiding tool in this will be the "Engaging the Business Sector in VET" published by DCdVET (https://www.dcdualvet.org/en/portfolio-items/arbeitsinstrument-teil-1-studie/) • Which are areas of engagement in Social, Economic and Political	5 days			
	domains that MSMEs companies and/or professional associations are already involved in? • Which are areas of VET that the private sector is not or very limited involved in?				
	 Enabling conditions (e.g. regulations, services, infrastructure, access to knowledge and innovations, networks etc.) Which provisions exits that are beneficial for the private sector to participate in the different areas of engagement Where are bottlenecks that (may) hinder collaboration of private sector, and especially for collaboration between MSMEs and VET providers What facilities would business need to become involved in, or become more, more active partners in VET. Etc. Combine information from the desk study into a list positive and negative factors for business engagement in VET, and formulate these factors as assumptions to verify with private sector actors (e.g. to engage in dual training, a company needs to have at least) Propose a selection of MSMEs and professional associations to verify the assumptions through structured interviews 				
3.3	Conduct interviews with actors from different economic sectors, with a balance between MSMEs and professional associations	3 days			
3.4	Analyse collected information on major constraints Propose strategies or pilot ideas that the project could consider as interventions to facilitate, improve the Recommendations to the project	3 days			
3.5	Prepare draft report to the team leader	5 days			
3.6	After feedback from team leader, prepare final report	3.5 days			
	Total	20 days			

4. Expected Results and products

The following deliverables are expected at the end of the consultancy: a concise report of the conducted work, description of the collected information, analyses and conclusions.

The report shall include recommendations to the project and suggestions for potential activities with different stakeholders.

Technical details can be summarized in annexes

The report shall be presented in English language, the annexes may be kept in Russian or Uzbek

5. Working Methodology

The consultant will propose to and agree with the project leader about the methodology and can seek advice from project sub-contractor SFIVET and back-stopper Adrien Rebord at Helvetas Head Office. For the latter connections, Microsoft Teams will be used for virtual communication and sharing of documents. Suggested background reading and guidance for the study:

 $https://www.shareweb.ch/site/EI/Documents/VSD/Topics/Engagement\%\,20with\%\,20the\%\,20priv\,ate\%\,20sector/DCdVET\%\,20-\%\,20Study\%\,20summary\%\,20-$

% 20 Engaging % 20 the % 20 Business % 20 Sector % 20 in % 20 Vocational % 20 Education % 20 and % 20 Training % 20-% 20 2018 (en). pdf

https://www.ilo.org/global/topics/apprenticeships/publications/toolkit/innovations-and-strategies/promoting/creating-enabling-environment/lang--en/index.htm

https://www.ilo.org/global/topics/apprenticeships/publications/toolkit/innovations-and-strategies/promoting/enterprises/lang--en/index.htm

6. Time Frame of the assignment

The consultancy period is August 10^{th} – September 10^{th} 2021, and specific agenda's will be decided between consultant and project leader. There are opportunities to consult directly with Swiss sub-contractor experts during a mission between 1-10th of August. The consultant will provide the time sheets for all working hours with the respective activities.

7. Logistics

Expenses for travels and logistics, if necessary, will be covered by the project.

8. Reporting

The Consultants will provide their deliverables/inputs plan based on the schedule approved.

Tashkent, August 2021

5.3. Work plan

	Company	Helvetas, Tashkent office					
	Assignment	Assessmen	t Business en	abling environment in VET of Uzbekistan			
	Prepared by		Aziz	Rasulov (consultant)			
	Period of consultancy assignment		August - September 2021				
	Country			Uzbekistan			
№	Tasks	Date	№ of working days	Activity	Outcome	Engaged people	Comments
1	Work plan	August 17	1	The work plan is envisaged in ToR and it gives an overview into the deliverables under consultancy work. Team leader will approve the work plan prepared by consultant.	Work plan prepared Work methodology prepared	Team leader	Working methodology prepared in separate file.

3	Meet & interview VET experts, members of MSME and professional associations.	August 25-27	3	The consultant will draft a list of MSMEs and professional associations to verify the assumptions through structured interviews. If necessary, the project prepare Support letters and enable consultant to meet organizations and conduct an interview. The letters will be sent to organizations a week prior to the date of interview.	The list of organizations for interview will be approved by Team leader. Data (figures, facts, recommendations and etc) collected from interview & used for draft report	Team leader Project team experts People selected for meeting & interview	The list of visiting organizations for interview prepared.
4	Work with primary and secondary information & data collected from research & interview.	August 28-31	3	Combine findings from research and meetings (interview) aimed to prepare a general assessment of business environment according to indicated tasks.	An assessment of regulatory framework, service infrastructure, employment opportunity, and business climate for Start Ups, knowledge and innovations, network to MSMEs is done.	Team leader Project team	
5	Draft report	September 5	5	Development of Draft report. Draft report will be sent to team leader for feedback & comments	Draft report in English is ready and submitted.	Team leader Project team experts	
6	Final report	September 10	3	After feedback provided from Team leader and Project Team expert draft report will be revised accordingly. A final report will be submitted to the Team leader for approval. Submission of Final report in English.	Final report in English prepared.	Team leader	