

**OECD Reviews of Vocational Education
and Training**

Vocational Education and Training in Bulgaria

GOVERNANCE AND FUNDING

Benedicte Bergseng



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Foreword

Bulgaria has implemented significant reforms in its vocational education and training (VET) system over the past decade. Changes have been introduced to diversify VET provision and to make it more responsive to employer demand. Despite these efforts, Bulgaria still faces important challenges in ensuring that greater numbers of learners successfully complete vocational education programmes that are relevant to labour market needs across the country. This focused OECD review of the governance and funding of VET assesses strengths and challenges of VET provision in Bulgaria and suggests policy recommendations on how to address them. With Bulgaria engaged in an ongoing reform programme, this report aims to complement work undertaken by national authorities by drawing on international evidence.

Chapter 1 gives an overview of the study and the OECD's approach to VET reviews. It further provides a snapshot of the Bulgarian VET system and presents key data, before assessing strengths of the system and summarising the challenges identified in the report.

Chapter 2 focuses on the governance of the VET system in Bulgaria. It first sets out the importance of the governance of education policy, highlighting the distinctive complexity of VET provision that must respond to patterns of employer demand. The effective governance of VET recognises both the horizontal sharing of responsibilities between government ministries and agencies and the need for vertical engagement, from the national to the local level. Across all decision-making points, it is essential that consideration is given to the inclusion of social partners (employers and trade unions) in defining the right policies and their implementation. The chapter identifies four main challenges linked to: decision-making and capacity; the use of data and evidence to inform policy decisions; social partner engagement; and, the steering of adult VET learning provision. It further makes policy recommendations based on international evidence and experiences from other OECD countries.

Chapter 3 discusses the funding of VET in Bulgaria. It first sets out the importance of funding arrangements as tools to achieve high quality provision, and describes key aspects with which funding arrangements should try to comply. Effective funding mechanisms underpin efficient, effective and equitable VET. The chapter assesses the challenges presented by current Bulgarian funding arrangements. These are linked to a comparatively low level of funding for VET, as well as a low involvement of firms in upper secondary VET. School level financial autonomy is low as is the capacity of schools to act upon any increased flexibility. The chapter argues that there is potential to strengthen collaboration between schools and employers to achieve increased cost sharing between the government and employers. The chapter concludes by addressing the question of equity in Bulgarian VET and the opportunity of funding formulas to help tackle significant patterns of disadvantage.

This report was drafted by Benedicte Bergseng from the OECD Centre for Skills. Pauline Musset prepared the early stages of this work. Elisa Larrakoetxea, Jennifer Cannon and Charity Kome provided valuable administrative support.

The OECD would like to thank colleagues in Bulgaria for their constructive engagement in the study, especially Maria Todorova and Vanya Tividosheva at the Bulgarian Ministry of Education and Science. Bulgarian colleagues drafted a background report, organised a visit to Sofia and provided feedback on drafts. The OECD also wants to thank the many stakeholders in Bulgaria who shared their experiences and perceptions of strengths and challenges of vocational education and training. The OECD wants to thank the European Commission for their support, in particular Mantas Sekmokas and the many colleagues who provided valuable comments on drafts.

Within the OECD, Anthony Mann oversaw the preparation of this report as Head of the VET and Adult Learning team within the OECD Centre for Skills. Shinyoung Jeon, Viktoria Kis and Pauline Musset within the VET and Adult Learning team and Stefano Piano from the National Skills Strategy team also provided valuable comments and advice. The project benefited considerably from the support of Cécile Bily within the OECD Directorate for Education and Skills. Support throughout the project was received from Montserrat Gomendio as Head of the Centre for Skills, Dirk van Damme as Head of the Skills beyond School division in the Directorate for Education and Skills, Andreas Schleicher Director of the Directorate for Education and Skills, and Stefano Scarpetta, Director of the Directorate for Employment, Labour and Social Affairs.

The report was co-funded by the European Union and the Bulgarian Ministry of Education and Science. The opinions expressed and arguments employed herein do not necessarily reflect the official views of the European Union or of the OECD member countries.

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Executive summary

Introduction

Over recent years, Bulgaria has shown great willingness to reform its vocational education and training (VET) system. Bulgaria now engages social partners in VET policy decision making at a national level, has increased emphasis on work-based learning within VET programmes, and is currently piloting apprenticeship programmes. Enrolment rates in upper secondary VET, compared to EU averages, are relatively high and VET provision is well articulated with the other parts of the education system. However, significant challenges remain relating notably to the system's responsiveness to labour market needs and its capacity to better ensure equitable outcomes for all learners. This report is a focused review of two predefined issues, governance and funding of VET. These are two crucial elements essential to effective VET provision. The report assesses the strengths of the Bulgarian VET system and the challenges it faces when it comes to governance and funding and suggests policy responses for how these challenges can be addressed.

Governance of VET in Bulgaria

Decision-making structure and capacity

In order to increase labour market responsiveness, Bulgaria is in the process of increasing decision-making autonomy at local levels. However, building up the capacity of local actors to act in the context of increased flexibility is challenging. While regions, municipalities and schools are involved in VET governance, their tasks are limited. Concurrently, national government lacks capacity to fully undertake its responsibilities. The ministry, for instance, spends considerable time and resources on detailed administrative tasks, especially linked to its direct ownership of hundreds of VET schools and its review of hundreds of learning programmes. The report argues that autonomy at subnational level should be incrementally increased for those institutions which have proven capacity to deliver on increased responsibility. By doing so, providers can engage more closely with local employers, provision can better reflect local circumstances and capacity can be released at a national level. A quality assurance system can assure alignment with national policy goals. Increased autonomy locally should be accompanied by a shift from monitoring input variables and setting detailed regulations for local actors towards building accountability by promoting a culture of continuous improvement, reviewing outcomes and developing peer learning for local actors.

Using data and evidence to inform policy decisions

Bulgaria should improve access to, and use of, to inform policy decisions. For example, currently there is no VET graduate tracking mechanism providing data on economic returns linked to programmes. The report argues for improving emphasis on ensuring that better data is available across all governance levels, which should in turn have capacity to draw insights from evidence within decision making. There is potential enhance capacity to

analyse data and conduct research on VET, for instance by establishing a research centre, as has been undertaken in many OECD countries.

Social partner involvement

Although Bulgaria has now created a strong foundation for involving social partners in VET policy making, institutionalised co-operation is highly concentrated. Both sectoral and subnational co-operation between social partners and the authorities is limited. With demand for different skills varying significantly by economic sectors and by geographical areas, this is a weakness that needs to be addressed. In this, it cannot be taken for granted that social partners will have capacity to engage effectively within governance structures. The report argues for the Bulgarian authorities to take steps to expand social partner involvement at sectoral and local levels, making sure that stakeholders have sufficient capacity to deliver on their responsibilities. Improving this can increase the system's sensitivity to labour market needs.

Steering adult VET provision

Overall adult participation in learning is very low in Bulgaria compared to EU averages. Simultaneously, concerns have been raised over both the quality of adult training and the government's capacity to monitor quality. Much provision aimed at adults is organised through VET adult learning centres. The government has, in general, limited information about the outcomes of the training that these numerous centres provide, especially in terms of labour market relevance. The report argues for steps to be taken to more closely manage VET adult learning centres, notably by improving quality assurance, accountability and potentially decreasing the number of centres. Furthermore, it is essential to improve horizontal collaboration between different governmental units involved to make sure that policy is coherent.

Funding of VET in Bulgaria

Well-crafted funding arrangements can help to achieve better quality in education. The report identifies challenges relating to the funding of VET in Bulgaria.

Local level financial autonomy can be improved

The report argues that subnational and school-level financial autonomy can be strengthened, as long as the capacity to manage responsibilities related to funding is properly developed. Currently, many detailed rules steer how schools spend their resources. Where capacity is sufficient to make effective use of resources, increased financial autonomy for both the subnational level and schools can be expected to increase the labour market relevance of VET.

Collaboration with employers and schools can be strengthened

Bulgarian employers' involvement within upper secondary VET is relatively low. Collaboration between schools and employers can be improved, notably with regard to work-based learning for students within school-based programmes. Such collaboration is an important means of sharing the costs of education and training.

Bulgaria is currently experimenting with an apprenticeship model. A number of studies have shown that financial incentives aimed at employers should be considered with care. Should the pilot be rolled out, potential government financial investment should be based

on evidence of the costs and benefits to employers of providing apprenticeship by sector and be designed to optimise the productive skill development of learners.

More can be done to tackle the issue of equity

Bulgaria is also facing substantial challenges in relation to delivering equity in the education system. Regional differences are significant with early school leaving a greater challenge in smaller towns and rural areas than in cities. The report argues for considering revision of the existing funding formula to improve equity and the better inclusion of vulnerable groups, taking into account that some students need more support than others.

Chapter 1. Overview

This chapter gives an overview of the study, the two topics in focus, namely governance and funding, before describing the OECD's approach to vocational education and training (VET) reviews. It further provides a snapshot of the Bulgarian VET system and presents key data. Lastly, the chapter assesses the strengths of the Bulgarian system and summarises the challenges identified in the report.

Funding and governance in VET

A well-skilled workforce is one of the main supports for national prosperity and growth. Some of the skills required come from the expansion of general education at all levels, but countries also need occupation-specific skills in quickly expanding fields such as health care, in jobs which demand new technological skills, as well as in traditional trades. The collective importance of occupation-specific skills is high and growing as the mix of skills and occupations in demand undergoes rapid change. Typically, initial vocational education and training (VET) systems play a major role in supplying these skills – and therefore are fundamental in meeting the needs of a well-functioning modern economy. The governance and funding of VET systems are two critical aspects that directly affect the capability of countries to produce highly skilled VET graduates.

The governance of VET systems is by its nature complex. VET systems which contribute so importantly to both education and employment policies need to be based upon sound governance mechanisms that balance multiple interests. Often several national ministries and agencies are involved in policy-making that affects VET, and in many countries, there are decentralised structures where subnational authorities have autonomy in decisions regarding provision. This reflects the need of systems to provide education and training to learners that reflect employer needs which can be expected to vary by geography as well as by economic sector. VET programmes need to respond to the complex and fast changing needs of the labour market, while staying attractive to students and to society more broadly. Provision must provide transferable skills that are not too firm-specific, equipping students with strong basic skills, giving them the ability to adapt to changing occupational demands. For VET systems, this demands a close connection to the dynamic world of work and makes governance inherently different to that demanded in general or academic education.

Funding for vocational education and training is equally often a complex mix, and includes support both for students and for institutions and financial contributions from central government, regional and municipal support. In some cases, there are cost-sharing arrangements with contributions from employers and other social partners. The funding of VET raises particular issues given that the very nature of vocational education and training is to provide individuals with occupation-related skills that can be directly beneficial for employers. VET poses specific challenges to funding systems compared to programmes of general education. Its cost structures may be very different with respect to equipment or the technical skills of its teachers, and variation can be especially present between countries, occupational sectors and whether the system is mostly school-based or includes substantial elements of work-based learning. Moreover, VET students often come from more disadvantaged backgrounds than their counterparts in general programmes, demanding potentially greater investment to ensure successful outcomes.

The VET review of Bulgaria

This OECD VET review is focused on two pre-defined topics: VET governance and funding. In Chapter 1, a brief overview of VET provision in Bulgaria and the report's conclusions are set out. The second chapter focuses on the governance of VET with an emphasis on the dominant school-based model of VET provision, and not the ongoing pilot that Bulgaria is currently conducting on apprenticeship models. The third chapter focuses on the funding of VET. In this chapter, the focus point extends beyond school-based provision to consider some implications emerging from the pilot of apprenticeships.

This review was co-funded by the European Union (EU) and the Bulgarian Ministry of Education and Science (Box 1.1). The scope of the work is equivalent to half of a standard OECD VET review.

To undertake this review, an OECD team visited Bulgaria between 23 and 26 April 2018 where it met with a broad range of stakeholders to discuss challenges and review important aspects of the Bulgarian VET system. The OECD team also received a background report from the Bulgarian authorities. The team is grateful to colleagues in Bulgaria for their engagement in the project.

Box 1.1. OECD reviews of vocational education and training

Now encompassing more than 40 country and regional studies, the OECD has reviewed vocational education systems around the world since 2007. Three major reports draw together the policy lessons from this wide ranging international experience: *Learning for Jobs* published in (2010^[1]), *Skills beyond School* published in (2014^[2]) and *Seven Questions about Apprenticeships* published in (2018^[3]).

The country studies cover Australia, Austria, Belgium (Flanders), Canada, Chile, China (People's Republic of), Costa Rica, the Czech Republic, Denmark, Egypt, Estonia, Germany, Hungary, Iceland, Ireland, Israel, Kazakhstan, Korea, Mexico, the Netherlands, Norway, Romania, Slovak Republic, Spain, Sweden, South Africa, Switzerland, the United Kingdom, and the United States.

The country studies are available on line: www.oecd.org/education/innovation-education/vet.htm.

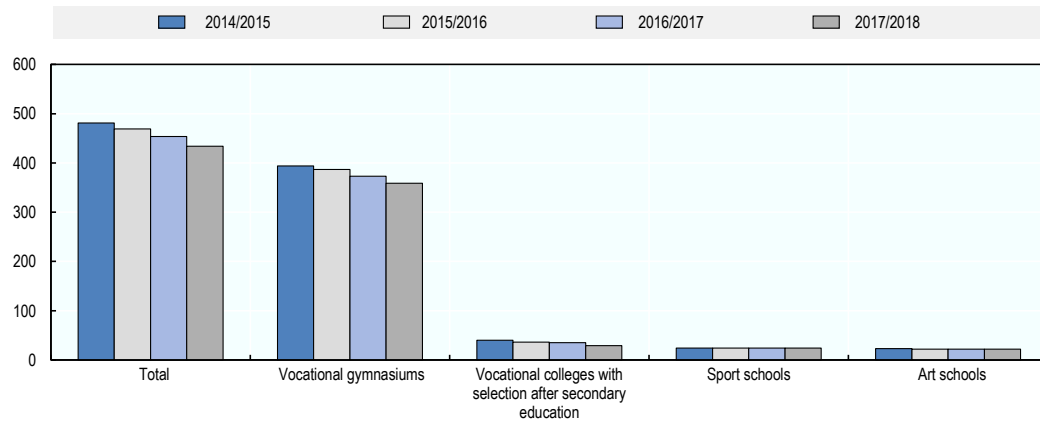
Snapshot of the VET system

Bulgarian VET provision is overwhelmingly school-based. Programmes of study include practical learning in school workshops and might also involve elements of work-based learning in a workplace. Most students enter VET at age 14 (secondary education at stage 1 as defined in the context of Bulgarian education), but it is also possible to enter at upper secondary level (articulated within Bulgaria as stage 2) at age 16, depending on the students choice. Programmes last from two to five years. Successful candidates in secondary VET receive a state matriculation examination in Bulgarian language and literature, which allows the VET graduates to continue within education; they have access to higher education at the tertiary level as well as to post-secondary VET programmes. Students currently have the option of also undertaking a state examination linked to a VET qualification. This will be compulsory from 2022. However, although enrolled in a VET programme, one-third of VET graduates do not ultimately chose to obtain this VET qualification. This might reflect the fact that, for many, VET or direct entry to the labour market is not a first choice, but can rather be considered as a practical pathway towards higher education.

There are in total 454 schools providing VET in Bulgaria, and since 2013-14 the number of schools has decreased. VET at the upper secondary level is mainly provided through four different kinds of school (Figure 1.1). VET schools are either owned by the national Ministry of Education and Science or the municipalities. A small number of VET schools are private. In addition, VET can also be provided through secondary schools when there is a lack of a specific provision in a respective municipality.

Bulgaria is currently piloting an apprenticeship model. As the pilot is still project-based, it has not been a main focus for this VET review. Apprenticeship is, however, covered partly in Chapter 3 on funding.

Figure 1.1. Type of VET schools



Source: Adapted from Eurydice (2018^[4]), *Bulgaria Overview*, https://eacea.ec.europa.eu/national-policies/eurydice/content/bulgaria_en.

StatLink  <http://dx.doi.org/10.1787/888933939467>

Adult VET learning is provided by institutions responsible for formal education and training and for non-formal training. The main institutions providing formal vocational education and training are the vocational colleges, vocational secondary schools and VET adult learning centres. The latter is specific for learners over 16. Training can lead to full VET qualifications, as well as partial qualifications, depending on the learner's ambition. Adult learners at VET adult learning centres, however, cannot secure an upper secondary diploma, meaning that they cannot enter higher education. Adults who attend VET schools however, can obtain an upper secondary diploma.

Data on Bulgarian VET

As Bulgaria is not a member of the OECD and does not participate in surveys of relevance to VET, such as the OECD Survey of Adult Skills, a product of the Programme for the International Assessment of Adult Competencies (PIAAC), this report relies mainly on data provided by the European Union (EU) and by the Bulgarian authorities. Bulgaria is therefore mostly compared to the EU countries, many of which are also OECD members. The following section presents key data on the Bulgarian VET system in an international context.

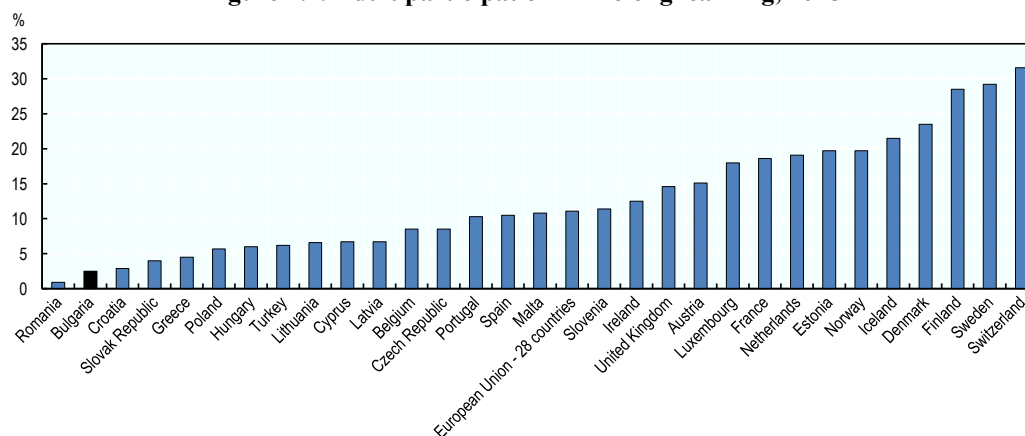
Enrolment in VET and educational attainment

Bulgaria has a relatively high enrolment rate in upper secondary VET. In 2016, 51.3% of upper secondary school students were enrolled in a VET programme in Bulgaria, while the EU average is 49.3% (Eurostat, 2019^[5]). In 2017, 82.8% of people aged 25-64 had successfully completed at least upper secondary education in Bulgaria, compared to the EU average of 77.5% (Eurostat, 2018^[6]). The corresponding share of young people between the ages of 20 and 24 who had at least completed upper secondary in Bulgaria is 85.8% which is also slightly above the EU average of 83.3% (Eurostat, 2018^[7]).

Adult education

One of the eight EU benchmarks within the Education and Training 2020 strategic framework states that an average of at least 15% of adults should participate in adult learning across the EU countries (Eurostat, 2018^[8]). Compared to other EU countries, very few Bulgarian adults currently undertake such provision. The participation of adults has increased only modestly over recent years, and the Bulgarian government has set itself a goal of doubling the share to 5% by the end of 2020 (Bulgarian Ministry of Education and Science, forthcoming^[9]).

Figure 1.2. Adult participation in lifelong learning, 2018



Note: The indicator measures the share of people aged 25 to 64 who stated that they received formal or non-formal education and training in the four weeks preceding the survey. Adult learning covers formal and non-formal activities, both general and vocational education and training.

1. Note by Turkey:

The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union:

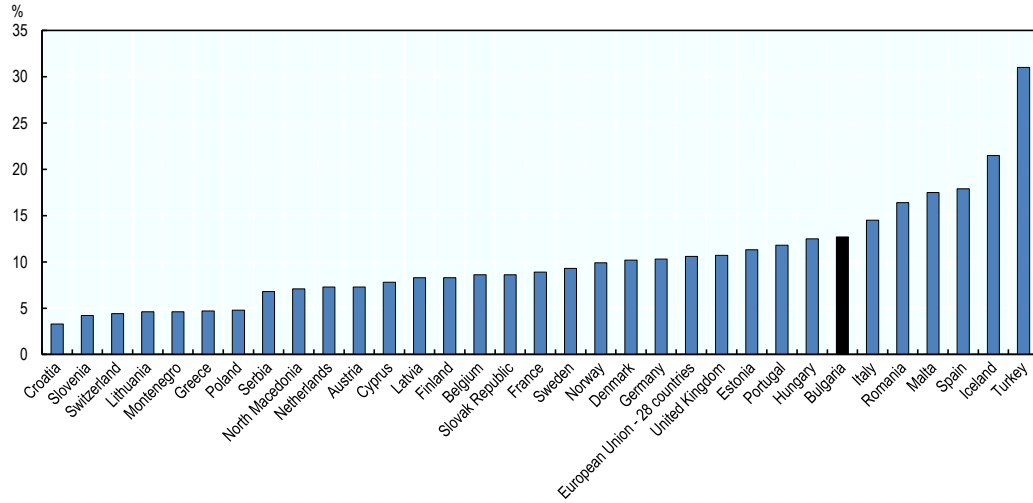
The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Source: Adapted from Eurostat (2019^[10]), *Education and Training Statistics Indicator [trng_lfs_01]* (database), <https://ec.europa.eu/eurostat/web/education-and-training/data/database>.

StatLink  <http://dx.doi.org/10.1787/888933939486>

Early leavers from education and training

In 2017, the share of early leavers from education and training in Bulgaria was 12.7%, which is above both the EU average of 10.6% and also above the EU’s Education and Training 2020 benchmark of 10%. A national target for Bulgaria has been set at 11%. High levels of early school leaving have consequences for the economy. For many early school leavers, VET can be an important option.

Figure 1.3. Early leavers from education and training, 2018

1. See note 1 below Figure 1.2.

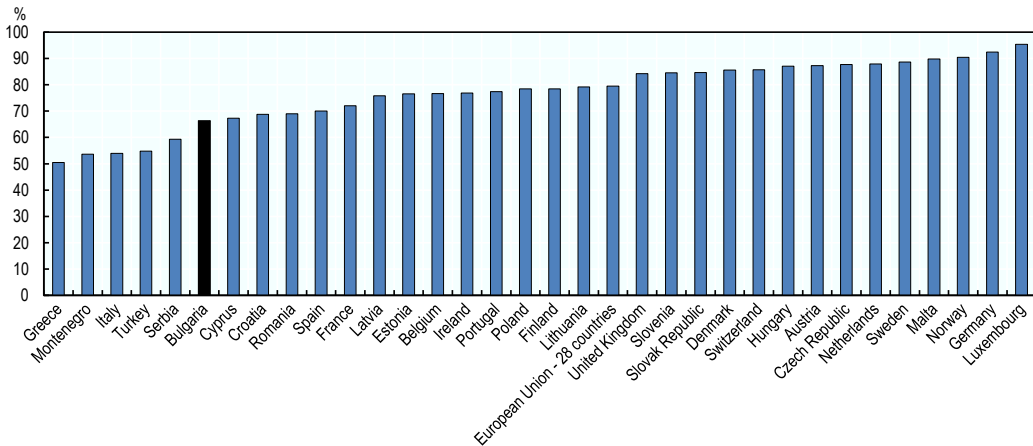
Note: Percentage of population aged 18-24 with at most lower secondary education and not in further education or training.

Source: Adapted from Eurostat (2019^[11]), *Education and Training, Indicator [edat_lfse_14]* (database), http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=edat_lfse_14&lang=en.

StatLink  <http://dx.doi.org/10.1787/888933939505>

Employment rate of recent graduates

Bulgaria's employment rate for recent graduates between the ages of 20 and 34 whose highest educational attainment is upper secondary VET or post-secondary non-tertiary education is substantially below the EU average. In 2018, 66.4% of these graduates were employed, compared to 79.5% across the EU.

Figure 1.4. Employment rate of young people not in education and training by educational attainment, VET, 2018

1. See note 1 below Figure 1.2.

Note: 20-34 year olds from 1-3 years upon completion of upper secondary and post-secondary non-tertiary education (ISCED 3-4) vocational programmes.

Source: Adapted from Eurostat (2019^[12]), *Education and Training, Indicator [edat_lfse_24]* (database), https://ec.europa.eu/eurostat/web/products-datasets/product?code=edat_lfse_24.

StatLink  <http://dx.doi.org/10.1787/888933939524>

Main strengths and challenges

Strengths

Willingness in Bulgaria to reform

There is commitment in Bulgaria to review and continually improve VET provision, making substantial changes where appropriate (see Chapter 2). Bulgaria has a history of productive reform (European Commission, 2018^[13]). Since entry into the EU in 2007, Bulgaria has received substantial resources to make significant changes in its vocational education and training system through EU structural funds.

Bulgaria is developing a new strategy with a medium term vision for VET

Bulgaria is determined to establish a clear strategy underpinning a strong vision for VET. It is based on an appropriate description of challenges and articulates measures for mid-term implementation (Bulgarian Ministry of Education and Science, forthcoming^[9]).

System of social partner engagement

A system for social partner engagement is a critical factor in governing VET. Every national VET system benefits from mechanisms for systematic dialogue with the labour market. Although there is room for improvement, Bulgaria has established a strong foundation for social partner involvement (see Chapter 2). Bulgaria has established the National Agency for Vocational Education and Training (NAVET) which is responsible for co-operation with social partners in establishing new VET qualifications, updating existing ones, and conducting inspections of VET centres that provide education courses for adults (see Chapter 2) (Cedefop, 2018^[14]).

A solid funding arrangement

Bulgaria uses a funding formula to determine VET resourcing. The funding formula takes into consideration the number of students, regional differences and differences between VET programmes. It represents a solid foundation upon which to build further. Recently performance-based funding for schools has been included in the formula (see Chapter 3) (Cedefop, 2018^[14]).

VET is well articulated with the other parts of the education system

The different levels in the Bulgarian education system are well articulated. Successful VET graduates have access to higher education and post-secondary VET. In 2015, 93% of the upper secondary VET cohort in Bulgaria was eligible for direct access to tertiary education, compared to 66.7% across the EU (Cedefop, 2017^[15]).

Challenges

Summary of challenges relating to governance

The challenges that are identified during this review relating to governance are:

- The Bulgarian governance of VET is overly centralised. Opportunity exists to increase autonomy and flexibility at subnational levels, consequently enhancing capacity at a national level to steer the VET system more strategically in order to better ensure provision matches the needs of the labour market.
- There are weaknesses linked to the collection and use of data and evidence. Data and evidence should systematically be made publicly available and used within governance structures at different levels within the system to inform policy decisions.
- Capacity to support the VET system is limited among some key actors, such as the Ministry of Education and Science, NAVET and the social partners.
- The overall participation of adults in VET is very low. The majority of the provision is private and difficult for the authorities to steer. In addition, there is little information about the quality of such training or its outcomes.

Summary of challenges relating to funding

The challenges that are identified during this review relating to VET funding are:

- The funding of VET is relatively low, both from government, municipalities and from employers.
- The financial autonomy of VET schools and their capacity to act is low. Opportunity exists for it to be increased in order to enable deeper collaboration with employers.
- More can be done to tackle the issue of equity within VET provision, including the engagement of vulnerable groups.

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Chapter 2. Governance of vocational education and training in Bulgaria

The chapter describes key aspects of governance and why it is so important. The governance of education is inherently complex. The governance of vocational education and training (VET) is particularly demanding, being linked to the allocation of tasks and responsibility both horizontally across governance levels and vertically between national and local levels. Effective governance demands strong social partner engagement and easy access to appropriate data on the performance of VET systems. The chapter assesses four main challenges linked to: decision making and capacity; using data and evidence to inform policy decisions; social partner engagement; and, steering adult VET learning provision. It further suggests policy responses and argues why these policies can be relevant, drawing on international evidence and experiences from other OECD countries.

The governance of VET

The complexity of VET governance and why it is so important

The governance of a VET system relates to the structure of VET, how it is operated and financed, as well as the system of quality assurance which underpins it. For the purpose of this review, governance is defined as the formal and informal arrangements that determine how decisions relating to provision are made, who makes them and on what basis (OECD, 2018^[1]).

Effective VET systems are based upon governance mechanisms that carefully balance multiple interests. There is not one right form of governance model for education or for VET that can be implemented across all countries. Successful models can be substantially different and still lead to good outcomes (Burns and Köster, 2016^[2]; ILO and UNESCO, 2018^[3]). In an OECD study on the governance of education systems (Burns and Köster, 2016^[2]), one of the main findings is that education systems across OECD countries have become increasingly complex due to several developments within society. Some of these relate to an increasing focus on the needs of individual learners. Data and information about the performance of education systems is also becoming more plentiful and an increasing number of stakeholders are involved in decision making. One of the most important responses to this complexity has, in many OECD countries, been to increase the autonomy and flexibility of local authorities to adapt provision to meet local demand (Burns and Köster, 2016^[2]).

Drawing on conceptual analysis highlighting the interconnectivity of education systems in the context of unpredictable policy environments (Burns and Köster, 2016^[2]), the OECD (Shewbridge, Fuster and Rouw, 2019^[4]) has developed an analytical framework for strategic education governance. The framework consists of six domains and key areas that work as starting points for the analysis of national governance structures.

Table 2.1. Strategic education governance

Accountability	Promoting a culture for learning and improvement Enabling local discretion while limiting fragmentation
Whole-of-system perspective	Overcoming system inertia Developing synergies within the system and moderating tensions
Strategic thinking	Crafting, sharing and consolidating a system vision Adapting to changing contexts and new knowledge Balancing short term priorities with long term vision
Capacity	Ensuring capacity for policy making and implementation Stimulating horizontal capacity building
Knowledge governance	Collecting quality rich data for research and decision making Facilitating access to data and knowledge Promoting a culture of using rich data and knowledge
Stakeholder involvement	Integrating stakeholder knowledge and perspectives Fostering support, shared responsibilities, ownership and trust

Source: Adapted from Shewbridge, C., M. Fuster and R. Rouw (2019^[4]), “Constructive accountability, transparency and trust between government and highly autonomous schools in Flanders”, *OECD Education Working Papers*, No. 199, <https://doi.org/10.1787/c891abbf-en>.

Although the governance of VET is not separate from the governance of general education, VET systems’ close connection to the world of work makes it inherently different to govern (Oliver, 2010^[5]). Building on the framework offered in Table 2.1, VET programmes need

to respond to the complex and fast changing needs of the labour market and at the same time stay attractive to students and to society which funds provision. As well as delivering the knowledge and skills that employers demand and helping learners to get jobs, VET provision must also secure transferable skills that are not too firm-specific and deliver strong basic skills that provide students with the ability to adapt resiliently within a changing labour market (OECD, 2010_[6]). Governance in strong VET systems, consequently, is one means to ensure that provision is of high quality and attractive to different stakeholders. To achieve this, a complex fabric of agencies are involved in the governance of VET, reflecting a division of responsibility between ministries, the relative autonomy of institutions and the close involvement of social partners (employers' associations and trade unions) (OECD, 2010_[6]). Taking into account the specific features of VET, the next section describes four important areas of VET governance.

Whole-of-government perspective

In many countries, the responsibilities for VET at a national level are shared across several ministries, most notably ministries for education and labour, as well as underlying agencies. With multiple organisations involved, however, risks emerge. Potential challenges can relate to a lack of coherence and co-operation on VET policy. One example can be linked to the risk of over-lapping VET qualifications without the possibility of transfer between programmes (OECD, 2010_[6]). In cases where decision making is spread across several national authorities, it is important to ensure policy coherence (ILO and UNESCO, 2018_[3]). One solution in ensuring policy coherence is to establish co-ordinating mechanisms at national and sectoral level to guarantee that VET policy and provision is unified (European Training Foundation, 2013_[7]; ILO and UNESCO, 2018_[3]). This has been the case in Israel, for example, where the responsibility for VET has historically been shared between two ministries. Israel has faced problems with uncoordinated governance, which led to a system that was difficult to navigate for students and also inhibited social partner engagement with implications for the quality and attractiveness of the provision. In such cases, an overarching steering body for the VET system would enhance the coherency, and so the quality, of the VET provision (Kuczera, Bastianić and Field, 2018_[8]).

Balanced allocation of tasks and functions between governance levels

There is no right form of distributing tasks and functions between governance levels. Although increased local (regions, municipal or institutional) autonomy has been a trend across the OECD countries, countries still vary greatly in their governance arrangements and the degree of local autonomy. In the case of VET, given the need for provision to be responsive to the character of labour market demand which varies significantly geographically, the argument for providing local autonomy for some elements of decision making is strong. To ensure the labour market responsiveness of VET and so underpin regional growth, the European Training Foundation (ETF) (2013_[7]) has, for instance, encouraged both a shared responsibility for VET between the national level and subnational level of government and significant autonomy at school level. Cedefop (2016_[9]) highlights the need to balance the allocation of strategic and operational functions between the different levels of government. The national level should hold responsibility, it argues, for functions that are relevant for the whole VET system, such as strategic long-term planning and the definition of VET programmes, training standards and curricula. In this way, the national authorities can ensure that the VET qualifications are similar and can be utilised in the labour market across different workplaces and geographical areas. Standardised national assessment, moreover, ensures that the skills acquired during apprenticeship or

other vocational programmes with a strong occupational focus are not too firm specific, and include relevant transferable skills (OECD, 2010_[6]). In this way, governments can influence the flow of skills into, and within, an economy. The local level can be better placed to determine issues which need knowledge about local circumstances, such as establishing collaborations with employers to set up work-based learning for students, matching the number of school placements to the need for qualified VET workers and adapting the content of training as well as the equipment used (Cedefop, 2016_[9]).

Engaging multiple social partners in VET design and delivery

Ensuring a strong involvement of social partners in determining VET policy and provision, either through consultation or directly within decision-making processes, characterises effective VET because it helps ensure that the design and delivery of provision reflects both labour market demand and the competing needs to be attractive to employers, prospective learners and to society (OECD, 2018_[10]). Governments should construct effective mechanisms to involve social partners at each governance level where VET policy is being determined (European Training Foundation, 2013_[7]; OECD, 2010_[6]). Based on a study of governance systems in relatively high-performing VET systems in Germany, Switzerland, Denmark, the Netherlands and Austria, Emmenegger et. al (2019_[11]) helpfully identify six key areas of co-operation within VET (Table 2.1), illustrating the engagement of social partners in the core areas of decision making not only at the national level, but also at a sectoral, occupational and local level.

Table 2.2. Six key areas of co-operation in VET

Structure of VET	System development Content definition
Operation of VET	Matching the demand and supply Organisation of the training
Financing VET	Financing
System and quality control	Monitoring, examination and certification

Source: Adapted from Emmenegger, P., L. Graf and C. Trampusch (2019_[11]), “The governance of decentralised cooperation in collective training systems: A review and conceptualisation”, *Journal of Vocational Education & Training*, <http://dx.doi.org/10.1080/13636820.2018.1498906>.

However, social partners involved need capacity to support the system. Building capacity among stakeholders (which serves a public purpose in helping to ensure the quality of VET provision) can be a key issue with actors potentially needing help to acquire and make use of relevant information to be able to contribute effectively to policy implementation (Burns and Köster, 2016_[2]).

Ensuring quality by making sure that decisions are appropriately informed by evidence

Finally, as in any aspect of governance, decision making in VET policy needs to be based on consideration of relevant and timely evidence by people with informed understandings of the issues at play. Governments and other decision makers within the delivery chain need appropriate information to be able to steer the system. Data on the outcomes of VET as well as institutional capacity to analyse and disseminate data need to be available. Many countries have established VET research centres which fulfil a specific role in collecting and disseminating information (OECD, 2010_[6]).

Governance of VET in Bulgaria

Bulgaria is a parliamentary republic. The National Assembly holds the legislative power and the head of state is the president, who is directly elected. The Council of Ministers (the government) is chaired by the prime minister, who is nominated by the largest parliamentary group. The president gives a mandate to the prime minister to form a cabinet (European Commission, 2015^[12]).

The Ministry of Education and Science is largely responsible for policy making of VET, its co-ordination and implementation. The Ministry for Labour and Social Policy also participates in implementing VET policy, mainly related to adult training provision (Cedefop, 2018^[13]).

The National Agency for Vocational Education and Training (NAVET) is a body placed under the responsibility of the Council of Ministers. NAVET has two main responsibilities. It co-ordinates the process of developing and maintaining VET qualifications in accordance with a national framework and is responsible for licensing and conducting inspections of Bulgaria's VET adult learning centres that provide formal and non-formal training for people older than 16. The agency reports directly to the Council of Ministers, while the Ministry of Education and Science assigns its budget and approves some aspects of the work that the agency undertakes (Cedefop, 2018^[13]).

Bulgaria has one subnational level of government, which consists of 265 municipalities. There is also a central government territorial administration composed of 28 regions, overseen by regional governors who are appointed by the national government (OECD and UCLG, 2016^[14]).

The social partners are consulted in VET policymaking at both the national and the regional level.

The majority of VET schools are owned directly by the Ministry of Education and Science, while the municipalities are also responsible for some schools. In addition, there is a small number of private schools in Bulgaria (Cedefop, 2018^[13]; European Commission, 2014^[15]).

Decision-making structure and capacity

Challenges in the governance of the Bulgarian VET system

In order to increase the labour market responsiveness of vocational provision, Bulgaria is in the process of increasing decision-making autonomy at a local level in relation to the operation of VET

Bulgaria has been through a significant process of decentralisation of power to the municipalities. This began at the start of the 2000s and further increased following EU accession in 2007. Bulgaria can still be characterised, however, as currently having a relatively centralised governance structure (OECD and UCLG, 2016^[14]). In a review of eleven countries, including Bulgaria, the OECD (Froy and Giguère, 2010^[16]) looked into the governance of three interconnected policy areas: employment, economic development and vocational training. At the time of the study, the degree of policy co-ordination in these areas was perceived to be low in Bulgaria. Further, the OECD described a lack of flexibility at the local level to adjust or alter programme content within VET. The stakeholders' capacities to be involved in VET was regarded as limited. In the case of funding, the municipalities were perceived to lack capacity with regard to financial management and

accountability structures were seen as weak, which led to a dependence on central government to allocate resources (Froy and Giguère, 2010^[16]). Since joining the EU, Bulgaria has received considerable funds to partner with regions in delivering policy, influencing new approaches to decentralisation (Froy and Giguère, 2010^[16]).

Over the last decade and in response to concerns over the responsiveness of VET provision to labour market needs, the Bulgarian authorities have taken explicit steps towards increasing the role of the municipalities and regions in VET provision (Vogel, Spithoven and van der Sanden, 2018^[17]). This has included an increased role in tasks such as planning of the VET student intake, setting staff salaries and equipping VET schools (Bulgarian Ministry of Education and Science, 2016^[18]; Cedefop, 2018^[19]). However, considerable decision making relevant to the day-to-day running of VET schools is still being made at a national level. During interviews that the OECD review team conducted with authorities and stakeholders, Bulgaria's centralised governance structure in VET was a recurring issue with concerns highlighted over the lack of capacity at the local level to make decisions on the operation of VET.

The capacity of the Ministry of Education and Science to oversee an overarching strategy for VET is compromised by its lack of capacity

The Ministry of Education and Science is responsible for a broad range of issues, such as determining and implementing national education policy, developing educational programmes and analysing and overseeing the results and efficiency of provision. Echoing concerns raised during the OECD review visit, the European Commission (2018^[17]) has questioned the sufficiency of resources focused on VET issues, specifically linked to the analysis and use of labour market information in the process of renewing VET qualifications (Eurydice, 2018^[20]; Bulgarian Ministry of Education and Science, 2016^[18]).

The example is illustrative. Bulgaria is continually in the process of renewing the VET qualifications to better match them with labour market needs, in addition to improving the methods on how to do it on a regular basis (Bulgarian Ministry of Education and Science, forthcoming^[21]). Currently, the ministry initiates the annual renewal process and oversees the work of NAVET. Renewal itself includes procedures to regularly update the three main documents which steer VET provision from a national level: the List of Professions in VET (LPVET), the State Educational Standards (SES) and the curricula. Collectively, these documents determine VET qualifications and programmes of learning. The ministry is responsible for approving the LPVET, adopting the SES and developing the curricula. Branch ministries (the Ministry of Youth and Sports, the Ministry of Culture and the Ministry of Health), NAVET and social partners participate in these processes (Bulgarian Ministry of Education and Science, 2016^[18]).

The LPVET includes around 200 professions and 500 specialities. For each profession, a SES is developed. VET provision locally needs to be set in accordance to the SES, which contains detailed standards. This includes detailed descriptions of learning outcomes, work activities, working conditions, equipment and tools, training objectives and requirements for material resources for the theoretical and practical part of the training. For each SES, a curriculum is developed. According to the latest amendments in the VET Act in November 2018, the Bulgarian authorities aim to update curricula every five years (Bulgarian Ministry of Education and Science, forthcoming^[21]). According to the European Commission (2018^[17]), while there are some overlaps between current and previous documents, the new SES being developed are more detailed than in the past. Such a development can be

expected to have implications for the capacity of individual providers to respond to local labour market needs (Vogel, Spithoven and van der Sanden, 2018^[17]).

Further, the ministry monitors and approves a wide range of activities within all types of schools. The ministry approves the use of curricula to be used locally, admission plans for both the municipality and state schools, allocates and controls the use of financial resources (for example the supply of textbooks) and ensures implementation of innovative practices (Bulgarian Ministry of Education and Science, 2016^[18]; Eurydice, 2018^[20]).

During the interviews with the OECD, several representatives described how the ministry undertook too many detailed tasks, especially related to monitoring and control, whilst raising concerns in terms of capacity and competence gaps to undertake key tasks relating to VET: for example, analysing the performance and efficiency of VET, updating the SES and designing curricula (Vogel, Spithoven and van der Sanden, 2018^[17]). A challenge is that the ministry can become preoccupied by conducting many administrative and organisational tasks, while having less time to work on an overall vision for the development of the system. Approving the budgets and local documents for hundreds of VET schools is time consuming. By comparison, such reviews are undertaken in fewer programmes and in greater depth each year, as is the practice in some other OECD countries. For instance in Norway, the sectoral bodies consisting of social partners review the VET occupations every four years (Utdanningsdirektoratet, 2017^[22]).

NAVET has a limited capacity which can have consequences for its ability to undertake its responsibilities in a reasonable manner

NAVET has two main tasks. First, under guidance from the Ministry of Education and Science its role is to define and update the list of VET professions, and second to license and conduct inspections of VET adult learning centres and vocational guidance centres (Cedefop, 2018^[13]). Resourcing of such responsibilities appears to present a challenge for NAVET (Vogel, Spithoven and van der Sanden, 2018^[17]). During interviews, concerns were particularly raised over NAVET's responsibility to license and inspect the numerous adult learning centres. The large number of institutions combined with a general perception that the quality of the provision is highly variable, makes lack of capacity a particular concern. The process of reviewing the LPVET was also considered to be resource demanding.

Adult learning VET centres provide training for people over 16 years old. Most centres are private, but a few are state-owned. Vocational guidance centres are state, municipal and private, and provide career guidance to all learners. These two types of centres have to be granted a licence to operate, which is issued by NAVET. The centres are also obliged to report annually to NAVET about their work, completing an annual self-assessment report about the quality of their services, according to indicators set by NAVET (Bulgarian Ministry of Education and Science, 2018^[23]).

NAVET handles, moreover, the processes of reviewing the 200 VET qualifications and 500 specialities, which is done in close collaboration with employers, unions and relevant government ministries. The national authorities aim to update the LPVET and the specialities yearly to increase their labour market responsiveness. The Ministry of Education and Science approves the result. There are delays in the system, for instance due to lack of resources or difficulties in finding social partner representatives with the right competences who can invest their time in this process. Delays in the approval process are common.

Both regions and municipalities are involved in VET governance with tasks mostly linked to implementation and control

Bulgaria has 28 regions which work on behalf of the central government. Within each region, there are several institutions involved in VET policy with responsibilities related to the planning, organisation, co-ordination and control functions of schools within the region. The regions are in charge of conducting inspections of the schools on behalf of the ministry (Bulgarian Ministry of Education and Science, 2016_[18]). The regional administration also takes part in the implementation of employment policy, while units directed by the Ministry of Education and Science implement national policy at the regional level through projects and programmes (Cedefop, 2018_[13]).

The 260 municipalities implement national policy, but are to a limited degree included in the VET governance structure. The municipalities are responsible mainly for two tasks in relation to VET. This is to make sure that both vocational career guidance and VET training match skills needed in the labour market. In the absence of data on the outcomes of VET, as well as lacking structures to engage with social partners, it is however unclear how this is done in a reasonable manner. In addition, they are in charge of the funding of school buildings, including the equipment used in VET workshops (Cedefop, 2018_[13]; Eurydice, 2018_[20]). In this way, both the regions and the municipalities are to a limited degree involved in making decisions about the delivery of VET to learners.

Policy message and arguments: Consider implementing greater autonomy at a subnational level, while strengthening quality assurance

Policy message

Bulgaria can consider:

Building up the capacity of lower levels of government and/or schools, and further increasing their autonomy so that they can make the right decisions concerning VET issues. By doing so, decision making about VET provision can better reflect local circumstances and capacity can be released at a national level, allowing the national authorities to focus more on strategic issues and assuring the quality.

More autonomy and flexibility delegated to local actors can free up resources for national authorities, but requires capacity building

As stated above, there is no one right governance model for VET. A strong central government can efficiently and effectively maintain a system-wide understanding, trigger and steer policy change, develop strategies and ensure access to information (Burns and Köster, 2016_[2]). At the same time, regional differences can be considerable and the central level can lack capacity and information about local conditions. Overly prescriptive or excessively detailed standards set nationally are inherently harder to adapt towards the needs of the local labour market (European Training Foundation, 2013_[7]). Decentralised governance structures can have advantages in serving to encourage diversity and innovation within professional standards provision, but it can lead to unacceptable differences in practice between regions, involve duplication of work which ultimately increases costs to the public purse and complicate transitions for students (OECD, 2010_[6]).

There is great variation across OECD countries in how they distribute tasks across governance levels (Box 2.1). Within the spectrum of governance approaches, Bulgaria is currently relatively centralised and there are arguments for allowing more local autonomy

and flexibility. Within this, an important question is whether the authorities are spending their resources on the right tasks. While relatively few people work on VET issues at the national level, the ministry spends substantial parts of its resources on detailed tasks relating to monitoring VET schools and approving their work. The majority of VET schools in Bulgaria are owned by the ministry and this leads in practice to responsibilities related to the approval of institutional budgets and plans for student learning. It is reasonable to question whether such responsibilities could not be better exercised closer to their delivery.

The OECD (Froy and Giguère, 2010^[16]) has previously argued, with regard to Bulgaria, that “awarding greater flexibility incrementally to those local areas that have proven capacity to deliver is one possible path, while building trust between national and local actors will also be crucial.” These arguments, suggesting enhanced subnational capacity building and accountability mechanisms, seem still applicable in the case of VET. Equipping local actors with more autonomy to make certain decisions by themselves can ultimately be more cost-efficient as quality, in terms of the better match of skills delivered by schools and demanded by employers, grows. By consequence, the national authorities can increase their capacity to focus on further developing the VET system, defining learning content, assuring quality and monitoring outcomes. From the point of view of this study, Bulgaria has several options.

One option deserving serious consideration would be for Bulgaria to transfer the ownership of state-owned schools to the regional level. Improving the regional level capacity and capabilities can be a first step towards releasing capacity nationally. The regions also have the advantage of being closer to local circumstances which can have added value for the quality of the provision.

A further option is to increase the autonomy of municipalities. The national level is currently responsible for detailed regulations on what schools can do (Bulgarian Ministry of Education and Science, 2018^[23]). Increasing autonomy would allow municipalities much greater freedom in decision making. The municipalities which have proven to be accountable can take over the ownership of state owned VET schools. Risks to provision can be mitigated by requiring municipalities to prove their capacity for greater self-governance. Greater autonomy can be granted where it has been earned.

And lastly, building up the capacity of VET schools to make decisions on their own represents a third option. The same rule as for the municipalities could be applied at an institutional level – with schools earning their autonomy. When accountability mechanisms are in place, schools with local flexibility, able to decide on curricula and assessment, generally tend to perform better than systems without such local autonomy (OECD, 2013^[24]). Success depends, however, on many factors, such as administrative capacity and leadership skills, in addition to support from higher levels of government (Dyer and Rose, 2005^[25]). Local schools might be better placed to organise the training and matching demand and supply, for instance by setting up an institutionalised co-operation to consult the local labour market on both the content of provision and the number of school admissions. In Germany, for example after discussion with social partners, VET schools are given the opportunity to adapt between 15% and 20% of national curricula to meet local economic needs. Such discretion demands that local actors have sufficient capacity to be able to take action according to the information that they receive (ILO and UNESCO, 2018^[3]). However, as recent OECD (Kuczera and Jeon, 2019^[26]) analysis of VET provision in Sweden has highlighted, high levels of school autonomy, particularly when combined with market incentives, run risks of becoming misaligned with local demand. Institutions can avoid provision that is more expensive or less certain of securing student numbers.

Challenges can arise, moreover, in terms of engaging employers and other social partners in supporting programme delivery.

Increased autonomy at the local level requires a stronger national quality assurance system

Strengthening capacity and implementing increased autonomy and flexibility at the local level should not be done in isolation. Autonomy at the local level needs to be accompanied with quality assurance, guidance and dialogue (ILO and UNESCO, 2018^[3]). It demands, moreover, alignment with national policy goals. If this is a pathway Bulgaria chooses to follow, there is a need to build up a system to assure quality of the VET system. The national authorities need confidence that what is happening at the local level is in accordance with national policy. Information and data about the outcomes of VET is an important aspect of a quality assurance system. The OECD welcomes Bulgaria's current plans and efforts in building up its quality assurance system (Bulgarian Ministry of Education and Science, forthcoming^[21]). In this work, Bulgaria will need to take steps in terms of quality standards, ensuring that clear objectives are shared among the main stakeholders in VET and outcomes are monitored. Assuring quality in the system is important and should be prioritised. This function nationally can be overseen by the ministry itself or transferred to an autonomous national body with responsibilities for implementation managed at a regional level.

Quality standards can, for instance, be set through a standardised national assessment framework that underpins consistency. Such standards assure that qualifications do not vary locally, but are transferable across the country. They can assure, moreover, that competences are not too firm specific. This can make it easier for students to move between different employers and regions while still holding a relevant qualification (OECD, 2010^[6]).

For Bulgaria, increased local autonomy also means to a larger extent moving from monitoring input variables through, for instance, setting detailed regulations with which schools and municipalities need to comply, towards building accountability by promoting a culture of continuous improvement through professional development, peer learning and reviewing outcomes (Shewbridge, Fuster and Rouw, 2019^[4]). The role of national authorities in such a context is primarily to provide local actors with support and guidance to enable the delivery of quality results.

Box 2.1. Variety in multi-level governance of VET across a selection of OECD countries

Across OECD countries there has, over the recent decades, been a general tendency towards decentralisation within education (Burns and Köster, 2016^[2]). When it comes to VET, there are different governance arrangements in the relative autonomy of subnational levels of government, the degree of school autonomy and how the social partners are involved. Busemeyer and Trampusch (2011^[27]) show variety in skills formation systems in advanced industrial democracies through four broad categorisations, depending on the level of public commitment and employers' involvement in VET. These are systems which are: i) market driven; ii) segmented; iii) state driven; and iv) occupation driven. Typically school-based systems such as Bulgaria will fall into the state driven category, while countries with strong apprenticeship provision would be seen as occupation driven. As these categories are broad, there are still great variances in how national VET systems are governed and where decision making is placed at each level.

The occupation driven VET systems of Austria, Germany and Switzerland are confederations or federal systems with strong autonomous regional authorities. The regions are responsible for VET schools and levels of school autonomy vary across the regions. As for Denmark, the VET system is also occupation driven, with high degree of local school autonomy in decision making (Dibbern Andersen and Kruse, 2016^[28]).

In Norway, the 18 regional authorities are responsible for providing upper secondary education, including VET. Within a legal framework, the regions have high levels of autonomy in making decisions on the VET provision, such as planning school admissions and creating local curricula (Norwegian Centre for International Cooperation in Education (SIU), 2016^[29]).

The 290 municipalities in Sweden are responsible for upper secondary and adult education. About one-third of the school provision at the upper secondary level is private (Kuczera and Jeon, 2019^[26]).

France has, in general, been considered to be centralised in education policy, even though the local level lately has played a larger role in governance, such as managing school buildings and overseeing supply of educational materials (European Commission, 2018^[30]).

The Czech Republic has, since 2014, placed more emphasis on decentralisation by giving both regional authorities and schools greater autonomy to decide VET policy. The regions are self-governing and are responsible for the VET schools. They create a long term plan for the development of education and then report on its progress. The schools are relatively autonomous to prepare and implement local curricula within nationally set constraints. They are also responsible for the quality of pedagogical work, they decide on the place where practical training is provided (either in a school workshop or in a workplace), set up admission procedures and ensure an efficient use of financial expenditure (Kaňáková, Czesaná and Šimová, 2016^[31]; Kuczera, 2010^[32]).

In the Netherlands, secondary VET schools have a high degree of local autonomy. The schools are in full control of staffing, the programmes that are offered, organisation of learning and the co-operation with social partners. Autonomy also applies to the allocation of funding, and Dutch schools are granted a lump sum from the Ministry of Education (Smulders, Cox and Westerhuis, 2016^[33]).

Using data and evidence to inform policy decisions

Challenges: There are weaknesses related to collecting and making use of data and evidence within policy decisions

In external assessments of the Bulgarian governance in VET, a recurring challenge within the quality assurance system relates to access to, and use of, data and evidence to inform policy decisions. Making use of data about the outcomes of VET is one key aspect of assuring quality (OECD, 2010_[6]). The OECD has previously recommended that greater resources be allocated for data analysis (Froy and Giguère, 2010_[16]), while the World Bank highlights that while important system performance data is collected in Bulgaria, it is not being routinely analysed. Bulgaria lacks moreover, the World Bank argues, a system for evaluating and monitoring provision (World Bank, 2014_[34]). Bulgarian authorities also raise concerns about their ability to assure the quality of VET in a systematic manner. In their mid-term VET strategy, the Ministry of Education aims to establish an improved quality assurance system by 2021 (Bulgarian Ministry of Education and Science, forthcoming_[21]).

Out of the 28 EU member countries, 24 countries have now implemented some form of VET graduate tracking processes. Bulgaria is one of the countries to date which has not introduced such a means of monitoring the outcomes of its VET system. Plans are, however, under development to introduce graduate tracking (European Commission, 2018_[35]). The OECD team understands that the authorities in Bulgaria collect quite detailed information about the employment outcomes of individuals in relation to their educational experiences, including participation within VET. The challenge remains to systemise use of such data, analyse it, make it publicly available and ensure that it is considered within relevant policy decisions at national, regional and local level.

In addition to a lack of data, little research is apparent in Bulgaria relating to VET. Although the VET system has undergone substantial reforms over recent decades, few evaluations have sought to understand the results of past change in order to inform future reform processes (Vogel, Spithoven and van der Sanden, 2018_[17]).

Policy message and arguments: Collecting and using data and evidence

Policy message

Take steps to improve access to data and evidence on VET, ensuring capacity to make effective use of it to inform policy decisions is available at all governance levels.

Investing in mapping existing data on the outcomes of VET and making it available is crucial in order to steer the system - for Bulgaria this can be a quick win

Data about the outcomes of VET is valuable for many purposes. Information about job prospects can be useful information for students who are considering entering VET. (Musset and Mytna Kurekova, 2018_[36]). Data about student characteristics and the character of provision (for example, the quality and duration of work-based learning) can enable deeper understanding of the drivers of institutional performance and individual outcomes. With access to data, government can monitor the employment situation of VET graduates which can provide insight into whether VET provision in specific occupational areas is in line with labour market needs (European Commission, 2018_[35]). This is

important information for the social partners when they are being consulted in the process of changing and updating VET provision. At the local level, data on the outcomes of VET along with close co-operation with the social partners provides important information to inform decisions about the number of school admissions each year.

Countries can use different approaches in tracking VET graduates. Measures can be implemented regularly and at national or regional levels (European Commission, 2018^[35]). Broadly speaking, data on the outcomes of VET is collected from surveys sent to the VET graduates some years after completion of the training. Further, countries track individuals in their transitions from training to work through government records (OECD, 2010^[6]). Usually countries would have to consult several records relating to the education and employment circumstances of an individual in order to gain a comprehensive picture. In many countries across the EU, a combination of these methods is commonly used in the tracking of graduates (European Commission, 2018^[35]). Although Bulgaria does not have a VET graduate tracking system, the country does have access to quite detailed information about both students and graduates that can form a basis for a graduate tracking system. According to interviews that the OECD team undertook, students are tracked through educational pathways, but within several different registers or databases which are not combined. Such data are not comprehensive. Gaps exist, for example, at a national level for students sitting exams for final VET qualifications by speciality, school and geographical area. However, considerable data do exist. The National Social Security Institute has access to information about VET graduates working on fixed-term contracts that is collected through employers. The possibility exists to combine these data sets, and follow the students through the journey from education to work. This is an approach which has recently been undertaken in England (United Kingdom) through the Longitudinal Education Outcomes (LEO) database (Patrignani, Hedges and Conlon, 2018^[37]). The better availability of data, however, demands a more systematic approach to the public consideration of evidence in national and local policy decision making. Systemising and improving access to the data and monitoring outcomes, therefore, can be a relatively quick win for the Bulgarian government. The fact that Bulgaria is currently exploring the opportunity to develop a way to track the outcomes of VET graduates is to be welcomed (European Commission, 2018^[35]).

Making sense of VET evidence at a national level

Many OECD countries have established VET research centres with responsibilities related to conducting research and analysis on VET and labour market issues. Centres in some cases are also responsible for the development and implementation of aspects of VET policy (OECD, 2010^[6]). Examples of such centres include KRIVET in South Korea, BIBB in Germany, SFIVET in Switzerland and NSZFI in Hungary (see more about the responsibility of NSZFI in Box 2.2). Such centres are usually placed under the responsibility of ministries of education. Countries without such centres commonly rely on external research units or internal capacity within the ministries to undertake research and analysis on VET (OECD, 2010^[6]).

There is significant potential to build up such research and data analysis capacity at a national level in Bulgaria. One opportunity would be to do this within the existing structure of NAVET. As the agency is not responsible for such tasks today, competences would need to be built up. In conducting its current tasks in renewing the list of professions and maintaining educational standards, the agency itself needs access to more data and evidence on labour market outcomes of VET. Building up capacity can therefore also strengthen NAVET's ability to deliver on its existing tasks.

Box 2.2. VET research centres in Hungary

The National Institute of Vocational Education (NIVE) was established in 1990 and its successor is the Hungarian National Institute of Vocational and Adult Education (Nemzeti Szakképzési és Felnőttképzési Intézet, NSZFI), which was established in 2007 following the integration of four separate VET institutes. It is a government-funded research centre which also has an active role in VET policy development and implementation and the co-ordination of VET research and services. It also raises funds through its commercial activities (maximum 20% of its total budget). Its main tasks are diverse and encompass: i) developing examination and teaching materials; ii) managing the Labour Market Fund's Training Subfund raised through training levies and other smaller VET development funds; iii) evaluating vocational training institutes; iv) disseminating best practices; v) collecting VET data and managing the resulting database; vi) organising training for vocational teachers; and vii) accrediting adult training institutions. In order to support these diverse activities it employs more than 200 people and commissions research projects (OECD, 2010_[6]).

Social partner involvement

Challenge: The foundations for social partner involvement seem strong, but co-operation can be expanded and capacity to engage increased

Bulgaria has developed a strong foundation for social partners' involvement at a national level, but institutionalised co-operation is concentrated in few areas

Bulgaria has in recent years built up a system to involve employers and trade union representatives in some aspects of VET policy making. The institutionalised co-operation between the social partners and government on VET is mediated first and foremost through NAVET and is focused on the topic of revising the professions and suggesting new ones. There exists a separate body where government and social partners meet to discuss overall issues related to employment, the National Council for Tripartite Cooperation. In 2018, a new advisory body for VET was established, the Advisory Council for Vocational Education and Training. The mandate of the body is to assist the Minister of Education and Science in the implementation of the state policy on the reform of secondary VET (Bulgarian Ministry of Education and Science, 2018_[38]).

Co-operation, however, is overwhelmingly set at an overall national level. Both sectoral and decentralised co-operation between social partners and authorities is very limited. This is a matter of concern. The demands of different economic sectors for skills vary significantly and change over time as well as across localities. The role of social partners is essential within effective VET provision because it helps enable provision to become and remain attractive to employers, prospective employees and to society more broadly. What it means to be attractive by occupational area can vary significantly (OECD, 2018_[10]).

In Bulgaria, there is potential to strengthen co-operation with social partners. At the regional level, social partners are consulted, but the advisory bodies where this takes place are not VET specific, and the regions play a marginal role in ensuring a close contact between the labour market and schools. Co-operation between social partners and VET schools is not institutionalised and varies considerably. While schools and employers collaborate on work-based placements for students, and schools are expected to have a good

understanding of employer needs (Bulgarian Ministry of Education and Science, 2016^[18]), provision can be distorted by the dominant role of large employers. Provision needs to reflect and be relevant to the breadth of the related labour market.

Challenges in co-operation with social partners appear to be linked to capacity

Although the foundation for involvement of the social partners seems to be in place, the workload is large and questions are apparent about the capacity of the stakeholders involved. As stated above, the work of social partners in reviewing the over 200 VET qualifications and 500 specialisations to improve labour market relevance is time and resource demanding. The Bulgarian government has itself questioned the capacity of the social partners, and introduced measures to improve their capacity as part of its ambition to enhance the quality assurance system of VET (Bulgarian Ministry of Education and Science, forthcoming^[21]). Ensuring the availability of appropriate candidates to take part in co-operation was raised as a particular concern during interviews that the OECD team undertook. This is not an unfamiliar challenge across the OECD. In Sweden, for example, while VET schools are expected to manage a Local Programme Committee to bring together social partners to support the delivery of upper secondary National VET Programmes, in reality it proves too great a challenge – and it is likely that more effective collaboration will take place at regional or sub-regional level (Kuczera and Jeon, 2019^[26]).

Policy message and argument: Expanding social partner involvement and increasing capacity

Policy message

Take steps to expand social partner involvement at sectoral and local levels and make sure that the actors involved in VET have sufficient capacity to deliver on their responsibilities.

Ensuring that employers and trade union representatives have sufficient capacity and that they represent the broad spectrum of VET professions in order to enhance the quality of engagement

Negotiating VET provision with both employers and unions provides valuable information to governments seeking to ensure the design of VET qualifications meets labour market needs while remaining attractive to learners (OECD, 2018^[10]). In order to ensure that this process is effective, employers' representatives need to reflect and be recognised by a majority of employers within a sector. Effective engagement will ensure that the interests of a professional sector outweigh those of individual employers. The role of the trade unions is also important, because they can balance, for example, the tendency of employers to over focus on short-term firm-specific skills and excessively long apprenticeships which reduce employer costs (OECD, 2018^[10]; OECD, 2010^[6]). Unions with a broad membership base of employees working in professions linked to VET qualifications represent a rich contact network of representatives who can contribute directly in updating the professions. Representativeness can also be a challenge however, especially if a relatively low share of employees in an occupational area are union members. Identifying appropriate representatives to engage in processes related to VET policy and delivery can therefore be demanding, especially if there is no legal right to paid time off work to engage in such activities, as is the case in Bulgaria.

Effective VET systems make sure that incentives are in place to attract employers and employees candidates with the right competences to be part of the work in renewing and

maintaining VET. This is not currently the case in Bulgaria (Bulgarian Ministry of Education and Science, forthcoming^[21]). The costs of participation can be covered by the government or by the employers and the unions. As institutional co-operation is relatively new, building up capacity in the system will take time. To facilitate the effectiveness of social partner engagement, changes can be made in the workload and work methods. Better access to data and evidence about labour market outcomes, for example, can be expected to make the work easier and demands can be lessened by reviewing fewer programmes in greater depth each year as is the case in other OECD countries such as Norway (Utdanningsdirektoratet, 2017^[22]).

Expanding the institutionalised engagement of social partners to sectoral and local levels can increase the system's sensitivity to labour market needs

Emmenegger et. al (2019^[11]) analyse decentralised co-operation between government and stakeholders and conclude that within apprenticeship systems in addition to an institutionalised co-operation at the national level a significant part of co-operation takes place at decentralised levels and within sectors or occupations. An advantage of this approach is that the VET system can be more sensitive to sectoral and geographical distinctiveness. In Bulgaria, these arenas are lacking or are not sufficiently institutionalised.

Across the OECD countries, the institutional arrangements and the tasks for the involvement of social partners vary. Bodies are established nationally, according to the economic sectors, regionally or at individual institutions (OECD, 2010^[6]). Further, the engagement of social partners also varies from purely advisory to decision making. Some countries with apprenticeship systems, such as Denmark and Norway, have given the social partners decision-making influence over aspects of VET where social partners can decide on the content of VET within certain limitations (Kuczera and Jeon, 2019^[26]). An analysis of the formal social partner influence in seven OECD countries shows the different ways social partners are involved (Table 2.3). These variances are explained by the countries' governance structure. In addition to having close co-operation at a national level, it is helpful for VET institutions to maintain a strong co-operation with employers and unions locally. Through consultation with such bodies more informed decisions can be made, for example about the number of VET school admissions by programme of study. Moreover, collaboration with social partners locally can enable greater co-operation between local schools and employers in relation to the sourcing of work placements. Denmark provides an example of a country which has formalised local co-operation between schools and employers (Box 2.3). Other examples, such as Sweden, however, highlight the challenges inherent in formally and consistently engaging social partners at the institutional level within local committees linked to specific programmes of study.

Table 2.3. Institutional framework through which social partners influence VET, by level of involvement

	National	Regional	Institution
Austria	✓	✓	
Denmark	✓		✓
Finland	✓		✓
Germany: apprenticeship	✓	✓	
Germany: school based VET		✓	
Norway	✓	✓	
Sweden	✓		✓
Switzerland	✓		

Note: Framework for social partners' involvement at the institutional level refers to formalised collaboration between VET institutions, employers and trade unions with regard to the local provision of VET. For example, in Denmark it refers to Local Trade Committees that are set at the institutional level. In addition to steering VET provision at local level, employers often provide workplace training to students.

Source: Kuczera M. and S. Jeon (2019_[26]), *Vocational Education and Training in Sweden*, OECD Reviews of Vocational Education and Training, <https://doi.org/10.1787/g2g9fac5-en>.

Box 2.3. Co-operation between schools and local employers in Denmark

Each vocational college (providing school-based education and training) works with at least one local training committee. Training committees include representatives of local employers and employees appointed by national trade committees, and representatives of staff, management and students appointed by colleges. Local training committees work closely with colleges to adapt the content of VET programmes to local needs, strengthen contacts between the college and local employers, and support colleges with the delivery of programmes, for example by securing work placements for students. They also serve as a link between local and national levels, ensuring that national committees have a good overview of local circumstances and that local policy is aligned with the national objectives. For example, they assist and advise national trade committees in approving local enterprises as qualified training establishments and in mediating conflicts between apprentices and enterprises. National committees can hand over obligations to the local trade committees if they are better taken care of at the local level (Dibbern Andersen and Kruse, 2016_[28]; Kuczera and Jeon, 2019_[26]).

Steering adult VET provision

Challenge: The overall participation of adults in VET is low and the quality of provision is uncertain

Almost one in five adults in Bulgaria possesses low qualifications, which has an impact on their employment situation (European Commission, 2019_[39]). As shown in Chapter 1, overall adult participation in learning is very low compared to other EU countries. The European Commission characterises investment in adult learning as insufficient, the evaluation and monitoring of the existing provision as weak, and provision as fragmented and under-developed across the country (European Commission, 2019_[39]). The Bulgarian government has set itself the goal of doubling the share of adults engaged in learning to 5% by the end of 2021 (Bulgarian Ministry of Education and Science, forthcoming_[21]). This

ambition is to be welcomed if it is the start of a long-term aspiration to increase adult participation in learning. As the labour market becomes more dynamic, the need for older workers to engage in training to maintain their employability will become more urgent (Nedelkoska and Quintini, 2018^[40]). Increasing adult participation in VET is part of the 2021 strategy, and as previously stated, is provided under certain conditions through VET adult learning centres, but also through VET gymnasium. The target group for the VET adult learning centres is people over 16 who can be provided with a formal VET training at EQF levels 2-4 as well as partial qualifications, in addition to non-formal training. The VET adult learning centres are quite numerous: in 2017, a total of 978 centres provided training for adults across Bulgaria. Most of the centres are private, and more than half of their income stems from learners. Learners can receive vouchers from the public employment services to take courses in such centres, for instance if the learner is unemployed. In addition, the centres receive direct funding from employers and from national or European level public sources of financing (Cedefop, 2018^[13]).

As noted above, concerns have been raised over both the quality of the training the centres provide and the government's capacity to monitor the quality. NAVET has experienced challenges in licensing and assuring quality through inspections due to the lack of human resources and regional structures to support them. The high number of centres has also been raised as a concern. The government has in general, limited information about the outcomes of the training and especially its labour market relevance. If Bulgaria is to increase adult participation in learning, under existing arrangements, the number of VET centres might be expected to increase even further. This can lead to further challenges relating to managing these centres.

Policy message and supporting arguments: Assure the quality of the VET provision for adults

Policy message

Take steps to better manage VET adult learning centres that provide training for adults, notably by improving quality assurance, accountability and potentially decreasing the number of centres.

Improve horizontal collaboration to ensure the adult learning policy is coherent

The Ministry of Education and Science maintains overall responsibility for the formal training provided by VET adult learning centres, while the Ministry of Labour and Social Affairs indirectly funds them through a voucher system. NAVET, which is placed under the responsibility of the Council of Ministers, is responsible for licencing and conducting inspections on the VET adult learning centres. Policy areas that cut across ministerial lines can often prove difficult to steer because of lack of co-operation on common objectives (ILO and UNESCO, 2018^[3]). Improving the quality of VET adult learning centres will require close co-operation between these authorities, for instance on setting common goals and devising measures to achieve them. Focusing on for instance increasing elements of work-based learning as part of the training can be one measure to increase the quality.

Improving quality assurance mechanisms is essential to raise the attractiveness of provision

A first important step to better inform policy decisions involves improving data on the outcomes of the training provided by adult VET training centres. In devising VET graduate tracking tools, significant opportunity exists to include adult learners from these centres.

It is important too to focus attention on the capacity issues being experienced by NAVET with regard to the licencing and conducting inspections of VET adult learning centres. As well as giving consideration to increasing the capacity of NAVET to fulfil its responsibilities, opportunity also exists to simplify procedures for licencing centres. For instance, as new LPVET and SES are being developed, the centres need to be relicensed. The European Commission (2018_[17]) is right to suggest means of reducing the impact these changes have on licencing, for instance through streamlining notification processes related to new criteria with which VET adult learning centres need to comply. Moreover, the principle of earned autonomy can be extended by introducing less frequent, but more intense inspections – with well-run institutions being re-inspected less frequently than institutions raising concerns. The regional level of government, which already holds a role in conducting inspections of the VET schools, can be involved in this work.

It is timely as Bulgaria plans on expanding adult education and training to review the number of VET adult learning centres. The OECD (Kuczera and Jeon, 2019_[26]) has recently suggested that Sweden consider merging VET schools, including many which are privately operated, in order to take advantage of economies of scale, improve quality and responsiveness to labour market demand. Funding incentives are means of encouraging and rewarding collaborations and mergers. In Estonia, for example, many small providers have been merged into regional VET centres in order to increase quality and efficiency (Kuczera and Jeon, 2019_[26]).

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Chapter 3. Funding of vocational education and training in Bulgaria

This chapter analyses the funding of vocational education and training (VET) in Bulgaria. It first sets out how funding is an important tool in achieving high quality provision and describes key principles with which funding arrangements should comply. Funding decisions underpin the design and delivery of VET which is efficient, effective and equitable. The chapter further assesses the challenges in Bulgarian funding arrangements in the context of what is a comparatively a low level of funding of VET, as well as a low involvement of firms in the training. Both school level financial autonomy, and capacity to act upon increased flexibilities, are modest. The chapter argues that potential exists to strengthen collaboration between schools and employers to achieve increased cost sharing between government and private firms. And lastly, more can be done to improve equity in VET delivery within the existing funding formula.

Background: Funding of VET

Well-crafted funding arrangements can help achieve better quality in education

While on average across OECD countries, the public sector continues to provide the majority of financial resources for schools, decisions surrounding the allocation, management and use of the funds are shared among an increasingly wide range of actors within processes of financial decentralisation. Such approaches are driven by recognition that it is not only the level of funding, but the means by which funds are allocated, which drive the effectiveness and efficiency of provision. Funding arrangements create behavioural incentives for schools and it is therefore an important mechanism for the government to steer school provision. Broadly speaking across OECD countries, schools are usually provided with a per capita funding from the state, as well as additional direct funding from the local government (OECD, 2017^[1]).

Efficiency in funding arrangements

As the funding of schools in most cases is public and the resources are limited, one objective of funding is to ensure value for money, targeting resource to enhance the performance of the greatest number of students (OECD, 2017^[1]). Aiming for efficiency is not about cutting the costs, but getting the most out of the resources to achieve better outcomes (The Scottish Government, 2017^[2]). Both centralised and decentralised funding systems can have efficiency advantages: for example, delivering economies of scale or making use of local knowledge in securing best value for service provision.

Funding systems should take equity in consideration

A challenge in many countries can be to ensure equity in the school provision across the nation. Excessive focus on efficiency within provision can easily undermine fair access to education. Students in poorer regions, for example, should have the same access to high quality education and training as students from wealthier areas. By including weights to distribute additional funds in recognition of the different costs and barriers preventing fair access, funding formulas can play an effective role in aligning the distribution of resources with national educational priorities. Carefully crafted funding arrangements should take into account differences in revenues across the regions (Kuczera and Field, 2010^[3]) as well as identifying vulnerable groups in potential need of targeted measures. There are two approaches to equity in funding; horizontal equity allocating similar levels of resources to similar types of provision, and vertical equity allocating different levels of resources to student groups with different needs (OECD, 2017^[1]; Fazekas, 2012^[4]).

Funding arrangements should be accountable, transparent and sustainable

Well-designed funding formulas are informed by consistent principles. They are transparent, simple and easily understood. Overly complex funding can contribute to lack of openness and distort decision making. Keeping funding simple and transparent helps in assessing the impact of spending decisions (The Scottish Government, 2017^[2]). Further, funding should be subject to periodical reviews and be determined through consideration of reliable data and transparent criteria, allowing accountability. There is also a strong argument for making funding predictable, so that school or local authorities can make – and confidently resource - long term plans (UK Department for Education, 2016^[5]; OECD, 2017^[1]).

Many countries use funding formulas to distribute funds

The use of funding formulas has proven to be particularly effective in distributing funds in an efficient and transparent manner. A funding formula provides objective criteria to allocate resources among schools. Positive results depend, however, on how the funding formula is crafted (OECD, 2017^[1]). Funding formulas can contribute to accountability and sustainability, but also efficiency and equity. Fazekas (2012^[4]) identifies four main criteria commonly used in a funding formula across the OECD countries:

1. student number and grade level
2. student needs, for instance disadvantaged learners
3. curriculum or educational programme
4. school characteristics.

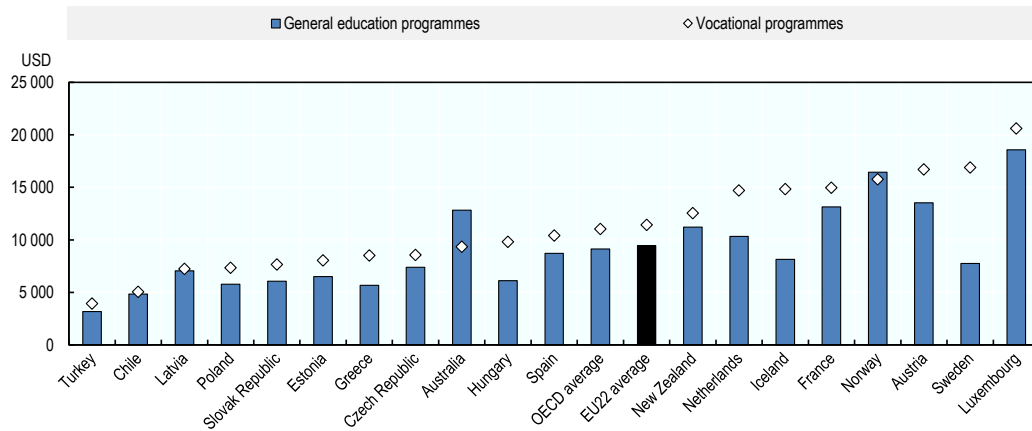
In addition, some countries use output and outcome-based related criteria (Fazekas, 2012^[4]).

Why focus on the funding of VET?*At upper secondary level spending on vocational programmes tends to be higher than on general programmes*

Delivering VET is often more expensive compared to general education, especially when programmes require expensive, up-to-date equipment (Hoeckel, 2008^[6]). Moreover, VET students often tend to come from a more disadvantaged background than their counterparts in general programmes, often presenting weaker academic profiles (Kis, 2016^[7]). This is also the case for Bulgaria, as the Programme for International Student Assessment (PISA) data show that a large share of disadvantaged students are enrolled in VET programmes compared to other countries participating in PISA (OECD, 2015^[8]).

Comparative OECD data are available on total expenditure on educational institutions per full-time equivalent student (Figure 3.1). These show that in most countries expenditure on vocational programmes is higher than on general programmes. However, these data do not capture spending on VET outside educational institutions, such as subsidies to employers that hire apprentices or spending within companies on the wages of apprentices or apprentice supervisors. Such costs constitute a major element in overall expenditure in countries which make extensive use of work-based learning (including apprenticeships) at upper secondary level (OECD, 2018^[9]).

Figure 3.1. Expenditure per student on upper secondary education, general and vocational programmes



Note: Total expenditure on educational institutions per full-time equivalent student (2015). In equivalent USD converted using PPPs for GDP, direct expenditure within educational institutions, by level of education, based on full-time equivalents.

Source: Adapted from OECD (2018^[10]), “Indicator C1 How much is spent per student on educational institutions?” in *Education at a Glance 2018: OECD Indicators*, <https://doi.org/10.1787/eag-2018-21-en>.

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There are differences between countries in how VET is funded

OECD countries vary as well in how they fund their VET systems. Generally, the public authorities fulfil the main responsibility to fund learners, but there are also other sources of funding available. Apprenticeship systems often involve a cost sharing arrangement between the authorities and employers. Apprentices typically spend three or four days in the employer’s workplace, building productive skills through training and practice (OECD, 2018^[9]). In some countries, governments offer employers financial incentives to take on training responsibilities. In school-based systems, it is common that the authorities undertake the main costs of the training, but with employers contributing through provision of work-based learning which can amount to placements of several months’ duration. Some countries also have a substantial proportion of private providers (particularly with regard to adult learners) who usually receive public funding. In some cases costs are also shared with the learner who has to pay a fee (Kuczera, 2017^[11]).

The cost and benefits of providing apprenticeships for employers vary between countries, sectors and occupations

To encourage employers to provide apprenticeships, governments and sometimes social partners promote apprenticeships through a wide range of incentives, including financial incentives such as subsidies and tax breaks as well as non-financial incentives such as adjustments in apprenticeship design to make provision more attractive to employers. While financial incentives are common, review of international evidence suggests their effect is often modest (OECD, 2018^[9]). If incentives are too large, they can distort the link between vocational provision and actual labour market demand, if too small, impacts on employer behaviour are modest. Incentives are difficult to get right because the costs and benefits to employers of training apprentices varies significantly between sectors and

occupations. Therefore, well designed apprenticeships balance attractiveness to apprentice and employer within a sectoral context – leading to variation in apprenticeship length and apprentice salary (Kuczera, 2017^[12]).

Issue and challenges: Funding of VET in Bulgaria

VET funding arrangements in Bulgaria

The funding of VET schools and adult education providers

In the funding of VET schools, the Ministry of Education and Science sets the resource per student in VET in co-operation with the Ministry of Finance. This resource per student in VET was in 2017/2018 between EUR 1 000 and EUR 1 500 per year. The variation depends mostly on the characteristics of VET programmes delivered. The amount covers for instance contributions towards the costs of school buildings and infrastructure, teachers' salaries and social security. The funding of schools is determined, therefore, by a formula that includes criteria that take into consideration differences in costs between VET programmes, the number of learners enrolled on programmes and differences between the regions in Bulgaria. There are, however, no criteria related to drop-out or inclusion of vulnerable groups which is common in other countries. A large majority of the VET schools are public. Only 11 out of 354 VET schools were private in 2017-18, and these schools can apply for state funding as well (Cedefop, 2018^[13]).

In addition to funding from the state budget, schools receive funds from the municipalities. They can also receive funding through donations and raise their own revenues, for example, through participation in national and international programmes.

The same regulations apply also for the VET adult learning centres that provide adult education (Cedefop, 2018^[13]). These centres, however, also receive funding from other sources, particularly from employers and the learners themselves. National authorities indirectly finance the centres through a voucher system. Both employed and unemployed people can under certain conditions be eligible to receive vouchers. The voucher amount depends on the EQF level at which the training they enrol in is set. Training at EQF level 2 can be covered by a voucher with a value set at EUR 300, EQF level 3 at EUR 600 euros and EQF level 4 at EUR 900. In addition, financing is also available from European Structural Funds (ESF) through the Operational Programme Human Resources managed by the Ministry of Labour and Social Policy. Funding can be combined in different ways: learners might cover all the costs of a programme, the employer might cover the costs, or there might be a cost-sharing arrangement. Training for unemployed people is usually totally funded through the voucher system (Cedefop, 2018^[13]).

Financial incentives directed towards learners

Younger learners can receive some financial incentives during their education. High performing learners can receive a scholarship, while some disadvantaged learners who, for instance, have a special educational need or who are orphans can receive social support. These grants are offered monthly and are set at between 5% and 10% of the national minimum wage level. Apprentices enrolled in a dual VET model receive remuneration directly from the employer which provides apprenticeship placement (Cedefop, 2018^[13]).

Funding of work-based learning – incentives for employers

Bulgaria is currently piloting several apprenticeship programmes and has introduced financial support to attract employers to take on a training responsibility. The national authorities cover health insurance for apprentices for up to 36 months. In addition, the state also covers costs associated with the theoretical training provided by training institutions as well as mentoring costs.

The overall funding of VET is relatively low, and the Bulgarian employers' involvement in VET is low*Resources spent on education are lower than the European Union average - and are falling*

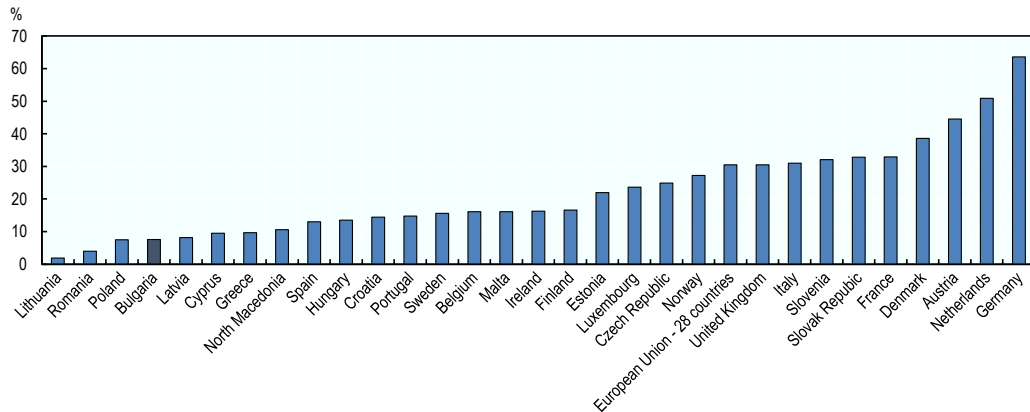
Public expenditure in Bulgaria on upper secondary education is substantially lower than the European Union (EU) average. This is to some extent explained by a lower level of GDP than other members of the European Union. However, even when considered as a proportion of GDP, Bulgaria still spends less resources compared to the average of the EU countries; in 2015 Bulgaria spent 4% of its GDP on education and training, while the EU average is 4.9% (European Commission, 2017^[14]). In 2016, expenditure on education fell substantially, a drop in real terms equalling 9.1%. Expenditure as a percentage of GDP fell to 3.4% in Bulgaria, significantly below the EU average of 4.7%. The drop, which was linked to a reduction on capital spending in educational infrastructure, is partly explained by decreased funds from the EU. This shines a light on how such spending in Bulgaria is dependent on EU funds (European Commission, 2018^[15]). The tendency of lower expenditure can also be seen in upper secondary VET. In 2014, Bulgaria spent 0.47% of the GDP on such provision, compared to 0.54% across the EU – nearly 15% lower than the average across the community (Cedefop, 2017^[16]).

Bulgarian employers involvement in upper secondary VET is low

Employers' involvement in VET varies greatly between OECD countries. Figure 3.2 shows the share of employers with 10 or more people employed that provide work-based learning to students, either through apprenticeships or work placements. The differences are to a large extent explained by different models of VET. Countries with apprenticeship system have generally a high level of involvement, for instance seen in the top four countries, Germany, the Netherlands, Austria and Denmark which all have apprenticeship systems. In Bulgaria, fewer than 10% of employers are involved in upper secondary VET, (Figure 3.2).

With low comparative levels of involvement from employers to share the costs in Bulgaria, it is especially important to focus on efficiency and accountability to ensure that resources are optimally spent in contributing to positive outcomes.

Figure 3.2. Percentage of firms employing more than 10 people providing work-based learning opportunities to learners enrolled in upper secondary VET, 2015



Note: Enterprises employing initial vocational education and training participants by size class - percentage of all enterprises.

Note by Turkey:

The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union:

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Source: Adapted from Eurostat (2015^[17]), *Eurostat, Education and Training Statistics, Indicator [trng_cvt_34s]* (database), https://ec.europa.eu/eurostat/web/products-datasets/product?code=trng_cvt_34s.

StatLink  <http://dx.doi.org/10.1787/888933939562>

School autonomy is low and the collaboration with employers can be strengthened

The degree of school-level financial autonomy is low

Bulgarian VET schools receive a delegated budget from the national authorities (Cedefop, 2018^[13]). Decision making over how funds are spent is heavily prescribed. Many detailed rules and regulations in Bulgaria steer how schools can spend resources, for instance how much to spend on teacher training, the standards for the size of classrooms and the equipment used. Therefore, there are questions to be asked about the degree of financial autonomy at the school level. If the main part of spending is already predefined through regulations, there is little room for schools to adjust expenditure according to local circumstances. During interviews conducted by the OECD with stakeholders in Bulgaria, the low level of school financial autonomy was raised as a concern. Schools have financial autonomy only over limited tasks, such as the repair and upgrading of school buildings. Opportunity exists to increase flexibility of spending which is more directly linked to provision. VET schools might in many cases be better placed to prioritise funding according to local needs, channelling more students and thereby funding towards VET

programmes where there is an explicit need for qualified workers in the local labour market (OECD, 2017^[1]).

Collaboration between schools and employers can be strengthened

Schools are currently responsible for collaboration with the local labour market, for instance in arranging work-based learning for the students. Such collaboration with employers can be an important means of sharing the costs of education and training. Bulgaria recognises the added value of work-based learning in companies for its VET students, but historically has struggled to organise it and to engage employers. Collaboration between schools and employers is all too often dependent on proactive individuals, rather than being systematised (Bulgarian Ministry of Education and Science, 2016^[18]). The authorities have, in recent years, initiated projects with promising results that have aimed to increase employer engagement and the proportion of students in short work placements and further efforts in this field are to be encouraged (Kovachev et al., 2014^[19]). Bulgaria is not alone in struggling to engage employers systematically to provide work-based learning placements within school-based systems. Recent OECD analysis of Sweden (Kuczera and Jeon, 2019^[20]) has highlighted similar challenges related to over-reliance on subject teachers to source and manage work-based learning. Opportunity exists for VET systems to work more methodically with employers at municipal or regional level, making use of intermediary organisations to reduce costs while maintaining the close engagement of teaching professionals.

Schools in Bulgaria are mainly funded directly by the national authorities, but are also allowed to raise additional funds, for instance, through donations from employers. Some schools receive such donations through equipment for use in workshops. Employer investment in education is very positive, but can also raise issues of vertical and horizontal equity as schools in wealthier, urban areas tend to have a higher chance of accessing state-of-the-art equipment because of geographic proximity to companies, compared to schools in rural areas where the labour markets are more limited (OECD, 2017^[1]). Moreover, if schools depend excessively on employers' contributions, there is a risk that provision becomes linked to the equipment used by a specific employer, which can have consequences for the overall relevance of learning to the broader labour market.

More can be done to tackle the issue of equity

There are issues about equity in the Bulgarian education system

In Bulgaria, where many students underperform, educational outcomes are closely connected with students' socio-economic background. Analysis of the Programme International Student Assessment (PISA) data at the lower secondary level show that on average, 15-year-old Bulgarian learners score lower than the OECD average in mathematics, science and reading. In Bulgaria, the socio-economic background of students has a stronger impact on their proficiency than in other OECD countries (OECD, 2016^[21]).

The share of early school leavers in Bulgaria increased from 12.5% in 2013 to 13.8% in 2016 and then in 2017 dropped back to the level of 12.7%, which is still higher than the EU average (Eurostat, 2018^[22]). There are significant regional differences with the challenges with early school leavers greater in smaller towns and rural areas than in cities. Bulgaria faces particular issues related to the integration of its Roma population into education and work. There are challenges in defining the Roma population as some Roma people do not define themselves as such because of social stigma. Many consider

themselves as Bulgarians or ethnic Bulgarian Turks. According to official figures from 2011, 4.9% of the Bulgarian population was Roma (European Commission, 2014^[23]). In 2016, 67% of this Roma population¹ aged 18-24 were early school leavers and 65% were NEET (neither employed nor in education or training) (European Commission, 2017^[14]; European Union Agency for Fundamental Rights, 2016^[24]).

The funding formula does not include criteria to tackle the issue of equity

Historically, Bulgaria's funding formula that decides upon resourcing per student to schools has not included criteria related to either dropout or equity. This means that there are no financial incentives in place to recognise the additional costs entailed in meeting the greater needs of more disadvantaged learners. The funding formula does nothing to encourage schools to put extra effort to make sure that all students succeed, including vulnerable students, such as those with Roma background, students with special needs or students coming from a disadvantaged socio-economic background. According to a recent European Commission review of education and training (European Commission, 2017^[14]), the authorities in Bulgaria are planning to revise the funding formula to begin acknowledgement of equity by channelling more resources towards disadvantaged schools. This is a welcome development.

Policy message

Place greater effort on achieving increased equity, efficiency and accountability within the funding of VET by:

- Considering revision of the funding formula to improve equity and the inclusion of vulnerable groups, taking into account that some students need more support than others.
- Experimenting with increased financial autonomy for schools, while building up mechanisms to confidently assure the quality of provision and capacity to make effective use of the autonomy.
- In order to further share the costs of VET with employers, increasing co-operation between VET schools and employers at a local level, through expansion of work-based learning elements within school-based programmes as well as expanding successful apprenticeship programmes.
- Considering, should the current pilot apprenticeship scheme prove to be successful, a full analysis of the costs and benefits of apprenticeships to learners and employers. Potential government financial investment should be based on evidence of the costs and benefits of providing apprenticeship by sector and be designed to optimise productive skill development of learners.
- Regularly monitor and review the funding arrangements to schools.

Policy argument

The funding formula should ensure equity and at the same time be transparent and accountable

The challenge for funding formulas – transparency versus complexity

The funding formula used in Bulgaria has been based on student numbers, differences in the costs of educational programmes and regional economic differences. A recent innovation has added a new criteria linked to skills shortages. A list of professions that are in high demand in the labour market has been developed and VET schools providing training for these priority professions will receive more funding. Bulgaria is also considering adding outcome-based criteria by giving increased funding to schools that offer provision that corresponds to labour market need.

Dilemmas can often occur when deciding which criteria to use in setting up a funding formula. One of them is being able to strike the right balance between transparency and complexity. Keeping funding formula simple and understandable helps to make it transparent, while adding many criteria to make it sensitive towards the specific needs of each school can make it overly complex and burdensome. Funding formulas generally are not expensive to operate, but require regular monitoring and reviewing. At the same time, increased complexity in the funding formula can increase costs and require administrative and technical capacity to handle (Fazekas, 2012_[4]).

Use the funding formula to ensure equity

In Bulgaria there are substantial challenges with equity. There is a close connection between students' socio-economic background and how they perform at school, as well as an ethnic group (the Roma) that is systematically over-represented among drop-outs and NEETs. Using funding arrangements more strategically can help to reduce these differences, ensuring that resources are available to tackle deficiencies in earlier schooling.

In the allocation of funds to either subnational authorities or to schools, it is important to consider the perspective of equity. Regional differences in revenues are commonplace. Schools in poorer regions face specific funding challenges with costs often higher than in urban areas. Authorities can therefore take this into account when distributing funds. Denmark for instance, responds to this challenge by channelling additional funds towards schools in remote areas (Nusche et al., 2016_[25]).

The World Bank (2014_[26]) has argued that Bulgaria should use its funding formula to tackle the issue of equity by adding criteria to reach disadvantaged and ethnic minority groups. Equity is an important issue in VET as many disadvantaged groups with weaker initial education tend to be enrolled in VET compared to general education programmes. Resourcing should recognise the additional demands of addressing weak literacy and numeracy of such students (OECD, 2012_[27]). The Bulgarian government should therefore consider including the issue of equity more strongly within its VET strategy, setting targets at the national and local levels and incentivising schools to reduce drop outs (from all backgrounds) while acknowledging higher costs linked to ensuring the educational success of the most disadvantaged learners. Some countries have introduced specific targets to try and ensure that learners from all backgrounds have opportunity to benefit from vocational education. An example of a target on equity in VET is in the strategy for apprenticeship implemented in England (United Kingdom) where the government aims to increase the

share of ethnic minorities (which have been historically underrepresented) in apprenticeship by 20% by 2020 (Department for Business, Innovation and Skills, 2015^[28]).

Box 3.1. Examples of countries using equity criteria

The Flemish and French Communities of Belgium have added criteria in the funding formula to increase equity. The allocation to schools includes weightings for student socio-economic characteristics, special educational needs and for the location of the school. Schools can also receive additional targeted funding for specific student groups, including students from disadvantaged backgrounds, newly arrived immigrants and refugees.

In Chile, the funding formula also includes weights based on certain characteristics, such as students from highly disadvantaged socio-economic backgrounds, for schools in rural or highly isolated areas and for special educational provision. In addition, schools can receive earmarked grants for students with special educational needs and from disadvantaged backgrounds. Also teachers can receive higher salaries if they work in schools with additional challenges, related to geographic location, social marginalisation or extreme poverty.

In Estonia, the funding formula includes criteria on equity, for instance for students with special educational needs and weightings for school location. In addition, targeted funding exists for students whose mother tongue is not Estonian and for newly arrived immigrants.

Source: OECD (2017^[1]), *The Funding of School Education - Connecting Resources and Learning*, OECD Reviews of School Resources, <https://doi.org/10.1787/9789264276147-en>.

Funding criteria based on employment outcomes can be helpful, but should be accompanied with good quality data about such outcomes alongside consideration of other criteria and should be monitored closely

In the Bulgarian strategy for VET from 2015-2020, the national authorities aim to introduce some form of outcome-based criteria into funding formula. The intention behind the proposal is to increase funds to schools that provide vocational education and training that best corresponds to labour market needs (Bulgarian Ministry of Education and Science, 2018^[29]). This initiative is important since one of the main purposes of VET is to equip students with the cognitive and technical skills that will facilitate their integration into the labour market. Thus, VET systems need to be responsive to the needs of the labour market and adapt to the changing skills' demands.

Each year, VET schools decide which VET programmes they will provide and how many students they will accordingly recruit by programme area. This is approved by the ministry. The whole process presents challenges. In practice, schools' decisions often depend upon factors other than local employer demand, such as the existing capacity of the school, the availability of competent teachers as well as the equipment which is available. Basing these decisions on such factors raises concerns: it may prevent VET schools from adapting to the rapid changes taking place in the labour market and placing the focus on the employability of their students which should be the main priority. Funding formula are not the only means of encouraging greater responsiveness to labour market demand. Important mechanisms open to governments to help ensure that VET systems are delivering the knowledge and skills demanded by employers include, as discussed elsewhere in this report, governance structures that engage members of the economic community in the planning of VET

provision and the requirement for work-based learning placements which clearly limits the availability of VET courses to those that are in labour market demand (Box 3.2). In some countries, such as Denmark, the number of places for learners on programmes with limited attractiveness in the labour market are reduced (Fazekas, 2012^[4]).

Some countries are also making use of funding formulas to take account of the effectiveness of VET programmes in terms of completion rates and drop-out rates, and student outcomes in terms of progression into employment or continuing education. As reviews of international literature show, the use of such criteria in secondary education is still relatively uncommon and the evidence on the effects of such outcome-based criteria is mixed (Fazekas, 2012^[4]). An OECD review (OECD, 2017^[1]) of school funding identified practice in secondary education. In Finland, approximately 2% (or EUR 20 million) of the entire funding of VET providers is set using a performance-based formula. The funding is based on an index consisting of three main indicators, with relative weights indicated in brackets: 1) effectiveness, including job placement (40%) and further studies in higher education (15%); 2) process, including levels of dropout (15%) and qualifications awarded to learners entering programmes (13%); and 3) staffing, including formal teaching qualifications (11%) and staff development (6%) (OECD, 2017^[1]). The Slovak Republic has introduced a mechanism for determining the funding of individual upper secondary VET programmes based on whether there is high or low skills need in the labour market. After close collaboration with the social partners, the Ministry of Education issues VET schools with details of financial incentives for high-demand VET programmes equal to a per capita increase of 10%, with a corresponding disincentive for low-demand VET programmes (Vantuch and Jelinkova, 2014^[30]).

In considering outcome-based funding, it is important that the special needs of rural areas and of disadvantaged students are considered. This is to ensure that enough resources are channelled to avoid regional disparities, to support VET schools in poor socio-economic environments and to avoid penalising schools working with students in greatest need of support (Fazekas, 2012^[4]). High quality data are, therefore, essential to ensuring that formula funding serves the purposes intended by policy makers. The availability of data on student characteristics, VET provision and student outcomes can also provide learners and their parents with information needed to make informed choices (OECD, 2010^[31]). The OECD (OECD, 2017^[1]) has argued that any such funding should be sufficient to draw attention to output measures and provide institutions with the desired incentive to improve educational quality without encouraging an excessively narrow focus on specific performance measures. As there is limited evidence on the labour market outcomes linked to educational provision in Bulgaria (see Chapter 2) and there are substantial challenges relating to equity in the composition of the VET student body, a first step can be to improve the data and evidence on the outcomes of VET and the capacity for use of evidence within decision making.

Monitor and evaluate funding arrangements

An important principle in governing a funding arrangement is to monitor and evaluate its results and make adjustments accordingly. By setting clear objectives beforehand, the authorities must also ensure that funding actually helps to secure these goals and to identify any potential unintended effects. Challenges in this regard include having access to adequate information about comparative institutional performance and outcomes of the system in relation to both quality and equity (OECD, 2017^[1]).

The OECD (2017^[1]) argues for a specific focus on monitoring and evaluating the impact and sustainability of investment from external funds, as well as making sure that the aim of such resources is in line with a country's educational objectives. This is particularly relevant for Bulgaria, as a substantial part of the funding in the Bulgarian school system stems from the EU's Erasmus+ fund. The Bulgarian Operational Programme "Science and Education for Smart Growth" (SESG) is funded by the European Regional Development Fund and the European Social Fund for the period 2014-2020 and co-funded by Bulgarian national budget. The total budget is EUR 673 million, of which EUR 596 million stems from the EU budget (European Commission, 2019^[32]). All EU countries receive these funds. Other OECD countries such as the Slovak Republic, Lithuania and Estonia have used these funds to enhance VET, for instance through the improvement of the content of VET and setting up vocational training centres.

School autonomy and cost sharing with employers can provide greater efficiency and better labour market outcomes

Where capacity is sufficient to make effective use of resource, increased financial autonomy for the subnational level and schools can increase the labour market relevance of VET

Across OECD countries, subnational governmental bodies are in charge of distributing on average almost 60% of funds to individual schools (OECD, 2017^[1]). In Bulgaria, by sharp contrast 87% of the funds to schools stems from the national government (Eurydice, 2018^[33]). With the central government in Bulgaria responsible for the majority of VET schools, municipalities play a very limited role in distributing funds. Where it does occur, financing is still to a large extent prescribed by the central government. Such practice generates risks of inefficiencies, potentially reducing local authorities' willingness to raise money through local tax efforts. A high dependence on central funds can also create incentives for the local level to overspend because of the common expectation central governments will cover the costs anyway (OECD, 2017^[1]). Increasing the responsibilities of municipalities for VET schools, as discussed in Chapter 2, can be complemented by consideration of increasing the municipalities' role in distributing funds and raising additional funds through taxes.

Overly prescriptive legislation and centrally set requirements can steer funding towards specific causes, including national priorities. Typical tasks for more autonomous schools might involve setting up a budget, making staffing decisions, determining teacher hours, maintaining the school's infrastructure and co-operating with the local labour market on resource issues and work placements for the students. Less autonomous schools may have a very small budget that they decide over themselves, have a limited opportunity to make decisions that fit local needs, to raise additional funds, or to develop strategies on how to improve (OECD, 2017^[1]).

Capacity challenges are a predictable issue in cases of decentralisation and especially for smaller authorities. Financial autonomy comes with demands for technical skills and administrative capacity in order to plan budgets and manage finances in a sound way. Smaller units, both municipalities and schools, can expect to encounter problems in taking advantage of economies of scale and may lack the management capacity and expertise to which larger units have access. Increased collaboration and creation of networks between smaller actors, such as municipalities or schools, can be way of building up capacity (OECD, 2017^[1]).

Work-based learning has multiple benefits, including the sharing of costs with employers

Work-based learning is beneficial for students' learning, as well as being a means to increase the labour market relevance of the provision as employers' willingness to provide such training reflects their need for skills (OECD, 2010^[31]). As well as ensuring high quality and relevant training, combining school-based training with work-based learning is cost effective (Kuczera, 2017^[12]). Ensuring high quality VET provision is generally more expensive than general education and this is especially the case with school-based provision. The overall public expenditure on an apprenticeship programme tends to be lower than the cost of a comparable VET programme provided in schools as apprentices spend more of their time in work placements, even after taking into account the fact that many countries choose to subsidise companies which provide training. There are a number of factors that drive up costs, for instance that VET requires up-to-date equipment and adequate space in the school buildings for workshops. Also VET schools have challenges in ensuring a teaching force with recent and relevant experience from the labour market. At the same time, schools will always lag behind employers in providing the most relevant training. Schools cannot always meet the same standards in provision of equipment as employers, or compete on salaries to attract candidates with relevant occupational experience. Employers already have access to state-of-the-art equipment and infrastructure, which means that students on work placements get the opportunity to gain relevant experience (Kuczera, 2017^[12]). Increased efforts to include work-based learning elements in school-based system can relieve the need for schools to provide up-to-date equipment and a teaching workforce with specialist industrial skills. Schools can also, to a larger extent, rely on part-time teaching workforces from industry (OECD, 2010^[31]; OECD, 2014^[34]).

Box 3.2. Mandatory work-based learning in school-based VET in Sweden

In Sweden, work placements have become mandatory within three yearlong school-based upper secondary VET programmes. Students must have a minimum of 15 weeks of work placement with an employer. By law, the work placement should be guaranteed before the learner begins their programme of learning. While this is a positive development which has increased the engagement of local employers with schools in VET, it has been difficult to achieve in practice and schools often assist students who have not secured a placement before the start of the programme, to find one. Schools in Sweden are highly autonomous and are ultimately responsible of organising and managing work placements. In order to increase the supply of placements and reduce demands on teaching staff the OECD has recently recommended that consideration be given to greater institutional collaboration at a regional level (Kuczera and Jeon, 2019^[20]).

Potential funding to employers should be based on evidence relating to employers' anticipated costs and benefits

With the support of Switzerland, Bulgaria is currently piloting apprenticeship schemes within a dual model system. In designing an apprenticeship scheme, financial incentives to employers are often the subject of debate. Bulgaria has introduced tax exemptions for employers that take on an apprentice. In addition, the central government covers the employers' costs associated with the learner, for instance health insurance. While an

apprenticeship is potentially beneficial to students, employers and economies, many countries face difficulties in encouraging employers to provide apprenticeship places, and individuals to enter them. For employers to invest in VET, it is important that the costs and benefits are balanced over the long term (Mühlemann, 2016^[35]). Employers have costs associated with training, but also experience benefits when the apprentice conducts productive work within the apprenticeship period. It can also be cost-efficient, moreover, for employers to recruit employees through the apprenticeship scheme as they can ‘try before they buy’ and consider hiring only the best candidates at the end of the training. In deciding on how to incentivise employers to engage with apprenticeships, it is enormously helpful for governments to understand more about the potential costs and benefits that employers face in undertaking a training responsibility and how these vary. Analysis from Germany and Switzerland shows how the costs and benefits vary by occupational area and highlight the importance of engaging social partners to balance the interests of employer and prospective apprentice in ensuring that the duration and pay level of apprenticeships are genuinely attractive to both parties (Kuczera, 2017^[12]).

Universal financial incentives have been proven to have limited impacts. Because programme and economic areas vary significantly, financial incentives aimed at employers should be based on a cost and benefit analysis of employers’ real costs. Schemes that target specific sectors tend to be more successful. However, non-financial measures focussed on increasing benefits (and reducing costs) to employers can be especially helpful in increasing the provision of apprenticeships. Many countries also make use of levy systems, securing employer contributions, to fund training programmes (Kuczera, 2017^[12]; OECD, 2018^[9]). These are elements which will demand consideration should Bulgaria’s initial exploration of apprenticeships mature into sustained provision.

Note

¹ The findings are based on a survey in nine EU countries, where the respondents are identified through self-identification.

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Vocational Education and Training in Bulgaria

GOVERNANCE AND FUNDING

Over recent years, Bulgaria has shown great willingness to reform its vocational education and training (VET). Significant challenges remain, however, relating notably to the system's responsiveness to labour market needs and its capacity to ensure equitable outcomes for learners. This report is a focused review of two predefined issues, the governance and funding of VET. These are two fundamental elements within the delivery of skilled VET graduates. The report assesses the strengths of the Bulgarian VET system and the challenges it faces when it comes to governance and funding and suggests policy responses for how these challenges can be addressed. Four specific challenges are identified linked to the governance of the VET system: decision-making powers and capacity; the use of data and evidence to inform policy decisions; social partner engagement; and, oversight of adult VET learning provision. With regard to VET funding, both school level financial autonomy, and the capacity to act upon increased flexibilities, are currently modest. The report argues that potential exists to strengthen collaboration between schools and employers to achieve increased cost-sharing between government and private firms. Finally, more can be done to improve equity in VET delivery through Bulgaria's funding formula.

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