

# **PUBLIC–PRIVATE PARTNERSHIPS FOR SKILLS DEVELOPMENT**

## **A GOVERNANCE PERSPECTIVE**

Volume I.  
Thematic overview

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# FOREWORD

To ensure that young people and adults acquire the skills they need to render them employable, systems of vocational education and training (VET) around the world construct various forms of collaboration between the public and private sectors. Public–private partnerships (PPPs) that focus on skills development are one form of collaboration found in a country’s VET system. This report provides an overview of these PPPs; it clarifies what they are and how they function, and examines the conditions necessary for their formation and sustainability, as well as the risks they entail and their potential for success.

In the European Skills Agenda, actor cooperation and public and private investments are important factors to support lifelong, accessible up-skilling and re-skilling for all. These factors also frame this publication, which is the result of the European Training Foundation’s (ETF) study on PPPs for skills development. The study concentrated on the progress of government and social partner cooperation in VET in the countries and territories<sup>1</sup> surrounding the European Union (EU). Ministries, state authorities at the sub-national level, VET providers, employer and employee organisations, chambers of commerce and individual enterprises have intensified their cooperation due to the reforms that have promoted learning outcome-driven approaches in VET. However, the collaborative process has not always led to mechanisms capable of general application in the VET systems of these countries and territories. It appears that the idea of VET social partnership has taken root, but achieving sustainability will require more time.

PPPs for skills development form part of the tools that can innovate social partnership in VET and make it sustainable. Evidence from 23 case studies shows that PPPs in the field of skills are meaningful if they focus on outcomes – bringing benefits to the learners – and address the potential risks that are inherent to any form of public–private cooperation on a public policy. The ETF analysis also offers policy lessons on VET systems governance, based on country comparison. Policy learning on governance should consider the adaptation and differentiation of institutional arrangements depending on the country context. A policy-learning approach in VET governance implies mapping and comparing strengths and weaknesses rather than identifying prescriptive blueprints.

This analysis of PPPs elaborates on these issues as a contribution to the international debate on the means of developing human capital. For the ETF, human capital development has strong links with the creation of lifelong learning systems that provide opportunities and incentives for people to develop their skills, competences, knowledge and attitudes throughout their lives, with a view to improving their employment prospects and realising their potential, as well as contributing to the creation of prosperous, innovative and inclusive societies.

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<sup>1</sup> The ETF cooperates with countries and territories in South Eastern Europe and Turkey, the EU neighbouring countries in the East and South, and Central Asia. The ETF is currently extending its cooperation to the African Union.

This publication can be used by country stakeholders, national and international agencies, and the European Commission as a resource for enhancing PPPs as a means for high-quality skills development and innovation in VET, as suggested by the European Skills Agenda and the VET Recommendation; and for expert advice in the design and monitoring of public interventions on skills development.

We hope to share knowledge and foster cooperation with all our partners to support novel skills agendas in the partner countries.

**Cesare Onestini**

ETF Director

# ACKNOWLEDGEMENTS

This report discusses the concept of PPP and its application to skills development. [Volume I](#) proposes a three-dimension typology of PPPs for skills development and identifies common elements and governance characteristics of these PPPs.

- The [Introduction](#) – by Veronica Vecchi – focuses on the shift in the understanding of PPPs from the classical definition associated with public infrastructure project operations, to a more blended understanding of partnerships at the level of long-term programme and policy outcomes.
- [Chapter 1](#) – by Siria Taurelli – provides the rationale and assumptions behind the ETF study, along with a discussion of the PPP concept, moving from the classical definition of PPP to others oriented to outcomes that better match the sphere of lifelong learning and human capital development.
- [Chapter 2](#) – by Siria Taurelli – summarises the study’s methodology, looking at the criteria underpinning the PPP typology, the conditions that affect their formation and implementation, and other common elements including governance characteristics of PPPs.
- [Chapter 3](#) – by Siria Taurelli – compares the PPP case studies of two country groups and draws conclusions about the PPPs as instruments to implement social partnership solutions in VET.
- In [Chapter 4](#), – by Marc van der Meer – the reader finds an evaluative analysis of all the case studies, in particular addressing the effectiveness of the PPPs. The chapter shows how the governance dimensions are further assessed and reformulated in an enhanced manner as a result of the ETF study.
- [Chapter 5](#) – by Marc van der Meer and Siria Taurelli – provides the general conclusions of the study and addresses a number of recommendations to different categories of decision-makers.

The analysis relies on evidence from 23 case studies concerning the purpose of the partnerships, their scope and membership, governance, financing and risk management arrangements, as well as the motivation, role and capacities of the partners (see [Volume II](#)). The evidence was collected through both primary and secondary sources, such as interviews with key representatives of the PPPs, expert and stakeholder discussion in workshops, and by consulting various publications and reports.

The authors wish to thank the interviewees for their openness and availability, all those who contributed energy and ideas through some 10 discussion workshops, and the authorities who enabled the best conditions for implementing the study in the partner countries. The findings, conclusions and recommendations published here are the sole responsibility of the ETF.

All the opportunities for exchange with and academic advice from the European Group for Public Administration (EGPA) and the International Institute of Administrative Sciences (IIAS) have been highly beneficial to view the PPPs in the context of public policy governance.

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# INTRODUCTION

Veronica Vecchi, Bocconi University School of Management, Milan

This chapter documents the shift in the conceptualisation of public–private partnerships (PPPs) from the traditional definition that focuses on infrastructure operations to an understanding of PPP at the level of long-term programme and policy outcomes, as found in the recent literature on public governance and public policy administration. The focus on the outcomes of public expenditure for the population and the fairness of its distribution is appropriate in the discussion of PPPs in policy areas that rest on both economic and social rationales, such as those of vocational education and training (VET) and lifelong learning. This introduction helps to frame PPPs in the context of the contemporary paradigms of New Public Governance and Public Value, moving away from the New Public Management models in public policy governance, while the subsequent chapters provide empirical evidence for this change.

## Public–private partnerships for policy implementation

Over the last 20 years, in order to meet the challenge of ‘doing more with less’ – that is, sustaining economic and social development needs in a context of curtailed budgets – public authorities have been experimenting with several mechanisms, among which are PPP contracts intended to facilitate the leverage of capital and the (potential) innovation capacity of the private sector.

Over this period, the long-term infrastructure PPP model was the prominent option in this field (Hodge and Greve, 2017). This model, used for contracting out the delivery of modern physical facilities and as a political alternative to privatisation, originated in the United Kingdom in the early 1990s within the framework of the New Public Management movement (Broadbent and Laughlin, 2003). The long-term infrastructure PPP model is primarily a financial contract, whereby a special purpose vehicle raises the necessary funds to build a capital-intensive project and uses the cash flow to repay the funding, which is mainly debt. In recent years, this model has been considered as a potentially relevant asset class for offering investment opportunities to long-term investors, such as pension funds. Its results remain widely contested (Hellowell and Vecchi, 2015; Reeves, 2013; Siemiatycki, 2011), apart from its capacity to achieve constructions that are on-time, on-budget and meet the required level of quality (Vecchi and Cusumano, 2018).

However, PPP has a broader meaning (Vecchi, Caselli and Corbetta, 2015), encompassing policies, programmes and projects (Rosenau, 1999). Policy formulation often arises out of public–private, or better, business–government, relations, with a salient role played by formal and informal lobbying. At programme level, partnerships can take the form, for example, of guarantees or public–private venture capital schemes, or public programmes conceived to support economic development in case of market failure through a fund-matching approach. At project level, the most common form of partnership is one aimed at the delivery of infrastructure-based services, but social impact bonds are also emerging.

The rationale behind partnering for the implementation of policies and programmes, such as in the case of vocational training, is not necessarily to overcome financial constraints or to increase efficiency, which was the dominant motivation in the New Public Management era. In this case, the primary goal of the partnership is to increase effectiveness, that is, to improve the outcomes derived from the delivery of services. This could be achieved not merely as a result of the superior competence and innovation capacity of the private sector, but, more especially because such partnerships allow institutions and stakeholders with mutual goals to gather together, which would not be possible without such a partnership agreement.



The main differences between a policy/programme PPP and the traditional long-term infrastructure PPP, are the size of the investment, the time horizon, the financial return, the number of partners involved and the type of goals. In the former, there is usually no capital expenditure, or no relevant capital expenditure, to dictate a long-term contract and a minimum return on the capital invested. Furthermore, in many policy/programme partnerships there is no synallagmatic contract, but rather a multi-stakeholder agreement that contains no specified price to be paid by the competent authority or the final users and instead defines the path of collaboration and the joint goals to be reached. These goals in general relate to social outcomes (e.g. increased and better employment opportunities or reduced social divide). In contrast with this type of agreement, in traditional long-term infrastructure PPPs, the achievement of outcomes has never been incorporated into the contract; instead the aim has been to deliver an infrastructure or a public service and the private operator is measured mainly in terms of efficiency and quality.

At the same time, in the context of policy/programme PPPs, it should also be noted that it may be useful to have a clear understanding of the monetary and non-monetary resources activated by the parties involved, not to mention the risks to be confronted (and their allocation), as well as the measures for monitoring and evaluating the partnership.

Concepts such as value for money and risk allocation are the main drivers behind infrastructure-based partnerships, and there is not always a good fit with policy/programme partnerships. In fact, the need to develop a partnership at this level can most often be traced to reasons of effectiveness, since these policies and programmes generally relate to the development of the market or businesses. Conversely, PPPs applied at the service and infrastructure level relate to a core competence of the public sector.

Even though the concept of value for money is not relevant in this context, as generally the partnership is intended to mobilise greater pools of resources and competence than are available in the public sector, the risks are worth discussing. In a traditional infrastructure-based PPP, risks that are generally borne by the public sector are transferred, via a contract, to the private counterpart, and there is thus an incentive to engage in risk management in order to achieve a financial return for the private sector, as well as, hopefully, providing more efficiency for the public sector. In a policy/programme partnership, risk allocation per se is not such a feature since its efficient management does not generate a short-term return. A policy/programme partnership is intended to achieve long-term economic development benefits with win-win/lose-lose results. For the private sector, such a partnership is not necessarily an opportunity to generate short-term financial results, instead a commitment is made to shape the economic and social environment in a way that can generate more opportunities for growth.

As already stated, policy/programme partnerships are not contractual agreements forged with a single private company. Rather, they often involve a plurality of businesses, or their associations, and value generation is not measured only in monetary terms but also through mid- to long-term values, such as creating more business opportunities or building a favourable ecosystem to leverage for growth and competition.

Despite the different nature of policy/programme PPPs compared to long-term infrastructure PPPs, in recent years a new perspective has emerged with regard to the role of the private sector in the achievement of public goals. This change in paradigm is mirrored in the academic debate concerning a shift away from the New Public Management towards the concepts of New Public Governance (Osborne, 2010; Osborne and Stokosch, 2013) and Public Value (Moore, 1995; O'Flynn, 2007), which reconsider the way in which the public and private sectors are engaged in the delivery of public services to achieve superior social impacts. In this context, new forms of PPP have been tentatively appearing that attempt to combine the achievement of greater economy and efficiency with the

generation of effectiveness in terms of higher benefits for society (such as employment or social inclusion).

This new approach has been endorsed by the private sector, which, in recent years, has increasingly incorporated societal and environmental arguments into its investment decisions. This has brought about the emergence of different social impact investment approaches, such as venture philanthropy, impact investing, responsible or environmental, society and governance investments and shared value creation (Bénabou and Tirole, 2010; Buckland et al., 2013; Freireich and Fulton, 2009; Grabenwarter and Liechtenstein, 2011; Porter and Kramer, 2011).

An example of such a new form of outcome-based PPP is the social impact bond (SIB), which can be defined as a public–private plural partnership, in the words of Henry Mintzberg (Mintzberg et al., 2005; Mintzberg, 2015), and which has a contractual structure very similar to the traditional long-term infrastructure PPP model (based on the payment of a fee for success by the authority), aimed at financing and delivering welfare services (Jackson, 2013; Stoesz, 2014). Indeed SIBs have been conceived not only to overcome the shortcomings of traditional public and third-sector service provision – that is, lack of capital and poor levels of performance management, efficiency and accountability – but also to bring about more innovation in service design and delivery, as well as encouraging key stakeholders to focus on the achievement of better social outcomes (Fraser et al., 2018; Leventhal, 2012). However, despite the general hype, the rate of adoption for SIBs is still modest and their results are questionable, especially in terms of social innovation (Vecchi and Casalini, 2018).

Public–private boundaries have evolved over the last 30 years, and the creation of public value is not the sole responsibility of governments (Jørgensen and Bozeman, 2007; Meynhardt, 2009). A growing number of players are involved in the design and execution of local development policies, which very often lie outside traditional jurisdictions and operate according to network governance models (Agranoff and McGuire, 1998; Ansell, 2000; Cooke and Morgan, 1993), providing a stimulus for the development of various forms of partnerships (horizontal or inter-organisational, and vertical or inter-governmental) where collaboration is the main determinant of successful implementation (Ansell and Gash, 2007; O’Toole, 1995, 1997).

Forms of collaboration and partnership are essential to support economic and social development (Waits et al., 1992). In specific domains, such as vocational education and training, programme partnerships offer an effective means of implementing policies, in terms of their goals and features of the sector, according to empirical evidence. In order to leverage PPPs and make them work, it is fundamental that the public sector understands its new role as a catalyst, and develops competences and skills that are more consistent with a changed environment and the demands for accountability in social outcomes.

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# CHAPTER 1.

## STUDY RATIONALE<sup>2</sup>

Siria Taurelli, ETF

### 1.1 Government and social partner cooperation in vocational education and training

The outcomes of vocational education and training (VET) policies are knowledge, skills and competences that citizens then apply in particular occupational areas in the labour market. Large corporations and small companies seek VET graduates to match their needs with regard to working on production processes, providing services to customers and other businesses, and carrying out administration and organisation in such a way as to contribute to the performance, competitiveness and innovation of the company. VET maintains an intrinsic link with countries' economic sectors, and such a bond underpins the involvement of the private sector in vocational skills systems. Given its connection with the economy, VET often forms a terrain for tripartite dialogue, whereby social partners and the state cooperate at different levels with a view to equip young and adult workers with skills that are both relevant and high in quality.

Where social dialogue in VET is institutionalised, mechanisms such as consultation and negotiation have been developed within the framework of social dialogue at the broader level of labour market policy. Long-standing social dialogue traditions utilise consolidated practices of exchange and shared taxonomies between the parties concerned. VET is, moreover, a segment of the education system that intersects with several spheres of public policy: in addition to the labour market and employment arena, it is concerned with developing social and territorial cohesion and digital agendas. Also, as a result, social dialogue in VET unfolds at different levels: at national level, the issues of skills development cut across a number of policies; at the regional or intermediary level of governance, typically plans for skills development are discussed with the economic sectors that operate in the same territory; whereas locally, education and training providers agree upon curriculum specificity, various forms of work-based learning and student assessment. At the same time, it should be considered that the current landscape of social dialogue crisis and increased liberalisation of markets (Baccaro and Howell, 2017) has affected the skills field too.

VET is an element of lifelong learning and can provide benefits at different stages of people's lives. The employability of young graduates relies on their having a good-quality education, a balanced blending of technical and key competences, and access to paths of school-to-work transition, while the employability of adults depends on their initial skills level and access to regular re-skilling. The interaction between the public sector and social partners is a particular asset of VET systems, since this process facilitates feedback from the demand side and hence enables the anticipation of emerging trends, with subsequent adjustments in skills supply. Cooperation between the government and social partners can be effective at all stages of the VET policy cycle: during the process of policy agenda setting, resourcing and planning; through policy implementation, including the monitoring that may lead to adjusting various plans; and finally in the review of the policy outcomes and in learning policy lessons. Considering this, the EU has taken steps towards a renewed dynamic in social dialogue, also covering the domain of skills (European Pillar of Social Rights, 2017; European Skills Agenda, 2020). Consultation with social partners and their actual involvement in VET do not follow a universal model. The approach to cooperation and the depth of the dialogue are shaped over time;

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<sup>2</sup> Special thanks go to Prof. Geert Bouckaert for his advice to consider the PPPs in the framework of the 2030 Agenda and Sustainable Development Goals.



they depend on the values and trust embedded in the process, the motivation of the actors, the institutional arrangements, and the background tradition of social dialogue in each country.

Notwithstanding the variations among countries, cooperation between the government and social partners is a characteristic of VET systems that facilitates an effective school-to-work transition and the matching of skills supply and demand. The blend of school- and work-based learning together with the connectivity between theory and practice are features that distinguish VET from other education streams, and which provide a template for employers' direct involvement.

VET systems consist of initial and continuing VET.

- **Initial vocational education and training (IVET)** is usually carried out at the upper secondary and higher professional levels before students begin their working life. It takes place either in a school-based environment (mainly in the classroom) or in a work-based setting (e.g. training centres and companies). IVET provision varies from country to country, depending on national education and training systems and economic structures.
- **Continuing VET (CVET)** takes place after initial education and training, or after entry into work. It aims to upgrade citizens' knowledge, helping them to acquire new skills, retrain and further their personal and professional development. Statistics show that most CVET is linked to employment and that the majority of the learning occurs in the workplace.

## 1.2 Study background and rationale

VET plays a significant role in the policies of the European Union (EU), being embedded in EU-wide policies including the internal market, the European Pillar of Social Rights, and the European Skills Agenda. The Green Deal and the Digital Agenda, which are shaping the EU growth strategy for the 2020s, call for the up-skilling and re-skilling of people in all sectors of the economy, entailing the mobilisation of VET resources and capacity on a large scale. This process further requires attaining excellence in VET to increase its attractiveness as an educational and career option, as well as creating a shared vision for and commitment to high-quality skills systems on the part of public and private actors.

VET is likewise part of the EU's external relations policy, including its related programmes and projects in third countries. Cooperation on VET is relevant to the process of accession to the EU, given that VET is part of the *acquis* referred to in the internal market which candidate countries must adhere to in order to become members. The EU has moreover struck comprehensive trade agreements with selected neighbouring countries in Eastern Europe and in the South Mediterranean region. These agreements have implications for skills development in the context of labour market policies in these countries.

As an agency operating within the framework of the EU's external relations, the European Training Foundation (ETF) cooperates in the field of VET with countries and territories that surround the EU: in South Eastern Europe and Turkey, the EU neighbouring countries in the East and South, as well as Central Asia<sup>3</sup>. The ETF engages in policy dialogue, provides expertise to promote the quality of VET, and performs a monitoring function by collecting evidence about the progress of VET policies, including with regard to the governance of VET systems, covering the effectiveness of government and social partner cooperation (e.g. ETF, 2016; 2018a; 2019).

The present study on public–private partnerships (PPPs) was inspired by the findings which emerged from monitoring progress in the field of government and social partner cooperation in VET, with two findings, in particular, forming the basis of this analysis. First, public–private cooperation in VET

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<sup>3</sup> In 2018, the ETF also started to cooperate with the African Union.

advanced over the 2010s in the ETF partner countries. Examples that prove structured collaboration include dialogue on the design and assessment of learning; work-based learning schemes; joint skills needs' analysis; and collaboration on setting new national qualifications frameworks. These examples were in fact cases of partnership, based on a common purpose coherent with the country's VET policy and oriented towards the implementation of this policy. Secondly, it was found that in only a few countries were these partnerships framed by institutionalised social dialogue in VET at the national or sub-national level. Some of these partnerships, however, mirrored the nascent social dialogue in VET (ETF, 2016; 2019).

Moving from the above findings, this study has further unpacked the characteristics of selected cases of partnerships that aim at developing high-quality skills in the context of VET policies, in order to reach a more systematic understanding, on the one hand, of their scope and functioning in the partner countries, and, on the other, of their potential to establish a direction for public–private cooperation in VET. To this end, the study opted for a comparative approach in selecting 23 cases of PPPs in the field of skills development: 10 cases are rooted in countries with a consolidated practice of social dialogue in relation to socio-economic policies, including in VET, while 13 cases are located in four countries with varying practices of social dialogue in VET (see case studies in [Volume II](#)).

To summarise, the study has taken the following main angles into account:

- First, the study views PPPs as mechanisms that are oriented to programme and policy outcomes, as discussed in the Introduction. Outcome-oriented PPPs are motivated by the benefits for individuals, organisations and/or society. They are concerned with the long-term impact, beyond the outputs that a project may attain within a given timeframe. Because of this, the current study focuses on PPPs that are based on stable agreements that have a common objective and shared responsibility; conversely, sporadic collaborations in VET were not considered by this study.
- A second angle concerns the conditions that sustain the partnerships, including the legislative, institutional and financing arrangements that are in place and the capacities of the partners involved in specific cases.
- The third perspective addresses the actual outcomes or benefits in the long term, which in the context of VET are the establishment of good-quality skills that enhance learners' personal and professional development, increase the competitiveness of companies and reinforce the cohesion and resilience of society.

## Study objective, hypothesis and scope

The objective of the study was to acquire knowledge about the concept and practice of PPPs in the field of skills development, in order to gain an understanding of the multiple collaborative experiences between the public and private sector in the VET systems of the ETF partner countries. How are PPPs shaped; what main functions do they fulfil; do they fill a gap in VET? In other words, the study explores whether PPPs for skills development could form a bridge between periodic cooperation and institutionalised social partnerships in the VET systems of the ETF partner countries.

The study built on the hypothesis that a background of social dialogue and social partnership processes provides fertile ground for PPPs in VET. In countries where there is a tradition of social dialogue, PPPs can be initiated and implemented through institutions as well as by formal and non-formal practices, resulting in public and private actors learning through the successes and failures of their collaboration. This study has therefore compared PPPs in countries where social dialogue, including in VET, has a long tradition, with partnerships in countries where social dialogue in this sector specifically has developed more recently, with a view to drawing conclusions about the hypothesis.

The following research questions guided the analysis:

- What are the characteristics of PPPs in the field of skills development?  
Notably: what are the PPP types based on these characteristics?
- Are PPPs for skills development comparable across countries?  
Notably: What are the conditions that are essential for PPPs for skills development to function in any given context?  
Are the different traditions of social dialogue and different institutional arrangements among the enabling conditions?
- What is the potential impact of PPPs in the field of skills development?
- What conclusions in terms of policy and benefits for the learners can be derived from the observed PPP cases?

Table 1.1 introduces the conditions that this study considered as facilitating the development of PPPs in the field of skills. These governance conditions are in place in countries where PPPs for skills are rooted in VET systems; however, the same may not apply to all countries. In Jordan, Kazakhstan, Serbia and Ukraine, where PPPs for skills have been introduced more recently, the case studies have been cross-referenced with these conditions for comparative purposes. In fact, these conditions play differently in the four countries, so the analysis has become familiar with the diversity of countries' situations.

**TABLE 1.1 CONDITIONS AFFECTING THE FORMATION AND IMPLEMENTATION OF PUBLIC–PRIVATE PARTNERSHIPS**

(Pre-)conditions, key features of the context	Status	Relevant review questions
Legal framework for public–private cooperation	Present/absent	Does the existing legal framework enable PPPs? Are implementing regulations in place?
Fiscal arrangements for public–private cooperation	Present/absent	What types of financial incentive are in place?
Tradition of social dialogue	Social dialogue recently developed/ long tradition of social dialogue with mixed outcomes/long tradition of social dialogue with outcomes well recognised by all sides	Are the PPPs building on an existing social dialogue tradition? Can specific aspects or agreements be identified as supportive of PPPs?
Social dialogue and partnership mechanisms in VET and skills	Not present at all/present but ad hoc/ institutionalised: <ul style="list-style-type: none"> <li>■ at national level only</li> <li>■ at national and/or sectoral and/or local levels</li> <li>■ only social partners involved</li> <li>■ diverse actors involved</li> </ul>	Are current social partnerships leading to outcomes? Do the social partnerships lead to specific PPPs?
Capacity of actors to engage in social dialogue and in partnerships	To be built/well-developed/very high	Are actors' capacities being built in the dialogue and partnership process?

An assessment of the impact of PPPs in the long term was only partially covered within the scope of the study. In this respect, the research team was constrained by the limited documentation on each case and the timeframe of the study. Nonetheless, elements of impact emerged as the study progressed, especially from the PPPs with a long history. In the more recent cases, positive effects such as increased opportunities for skills development and a streamlined school-to-work transition were found. Although a full impact assessment would require a new study, elements of PPPs' impact in the long term are discussed in Chapter 4, while specific observations on each PPP case study are found in Volume II of this publication.



The analysis of the 23 PPPs in the field of skills development was conducted through a mix of desk research, interviews and workshops, as detailed in Chapter 2. This qualitative methodology fitted the purpose of investigating the characteristics of the collaboration that public and private actors established in the VET systems of partner countries. The shortage of literature dedicated to PPPs in the skills development field also played a role in the choice of the case-study approach.

In summary, this report provides:

- an overview of the types of PPPs that support skills development, looking at their function, scope and membership;
- a breakdown of the pre-conditions at play with reference to governance, including institutional and financing arrangements, risk management, leadership, and social partnership and actor capacity;
- a discussion of the effectiveness of PPPs for skills development, and lessons learned on policy and outcomes for the learners;
- general conclusions from the study and recommendations for the future.

In the following sections we review the definitions of PPPs, including critiques of such partnerships in the context of education, before moving on to look at the methodology and results in Chapters 2–4.

### 1.3 The challenge of defining PPPs

The PPP concept has been predominantly associated with contracts that leverage the private sector's capital and innovation capacity to finance and maintain long-term infrastructure projects, in response to a concern over efficiency. As highlighted in the Introduction, over the last decade new PPP models have emerged to cater for the level of outcomes or long-term benefits that the public sector is expected to deliver. The public sector is mandated to act upon a broad range of social demands and global challenges, such as climate change, and to plan for sustainable development within the framework of the agreed policies. Therefore, in addition to concerns over efficiency, the effectiveness of the public policies is a crucial parameter for assessing the performance of the government and public institutions.

The notion of PPP is thus 'in transition', affected by the recent attention paid to the role of the state and to the balance in the public–private sector relationship. The New Public Governance and Public Value frameworks inspire forms of PPP that encompass common goals, a shared interest in creating win–win situations, and wider returns besides the re-payment of the initial investment. This evolution points to an extended notion of PPPs, although at this stage there is neither a revised definition nor a new consensus on the concept. The divergent understandings of PPP become even more visible when specifically highlighting a sectoral policy like, for example, VET and skills development.

Not only is a common understanding of PPPs in VET and skills development missing, but perceptions about PPPs in VET also vary, with the consequence that speaking of PPP as a concept may be a source of controversy in itself. The idiosyncrasies of PPPs could be the result of a diversity of practices and different structures of skills provision across countries, although this is a partial explanation: existing differences should not impede a recognition of the commonalities between PPPs for skills development. To draw a parallel with the concept of social dialogue, it can be concluded that this is generally understood in the same way despite practices varying depending on country contexts (ETF, 2016; 2019; 2020). In fact, social dialogue has its own distinctive elements – including the independence and representativeness of the social partners, the mutual recognition of the interlocutors and negotiation as a key process in the dialogue – which prevent any confusion between social dialogue and, for example, episodic collaboration. In contrast, the concept of PPPs for skills is not yet associated with a set of elements that would distinguish PPPs from other instruments and processes.

The present study adopted an operational definition of PPPs to select the case studies and proceed with the analysis, namely: PPPs are an instrument that public and private partners use to co-design and co-finance endeavours or projects of common interest that are oriented to the formation of skills. The study provides a categorisation of the purpose and scope of PPPs (why are they used and what for) in the context of skills development; it highlights the elements that PPPs for skills have in common, and it clarifies some of the ambiguities around the use of PPPs in VET.

The following sections provide a synthetic overview of internationally acknowledged definitions of PPPs, and discuss competing notions and dilemmas around the concept. The chapter concludes with the operational definition taken as the basis for the ETF study.

## International definitions of PPPs

According to internationally accepted definitions, a PPP is a long-term cooperation between one or more public partners and one or more private partners for implementing projects related to the financing, construction, reconstruction, taking out of service, management or maintenance of infrastructure and other facilities, and the provision of services of public interest or those within the scope of the public partner's competency. A UN-DESA report of 2016 analyses and compares national and international definitions of PPP (Jomo et al., 2016).

The Organisation for Economic Cooperation and Development (OECD), the World Bank and the European Investment Bank (EIB) have adopted definitions whose core elements reflect the above understanding. They largely overlap in highlighting the character of PPPs as long-term contractual arrangements aimed at delivering public infrastructures or services. Table 1.2 shows the commonality between the definitions and, in the last column, the elements that are specific to each organisation.

**TABLE 1.2 INTERNATIONAL DEFINITIONS OF PUBLIC–PRIVATE PARTNERSHIPS**

	Time horizon	Public entity and private party arrangement	Aim	Additional aspects in the organisation's definition
OECD (2012)	Long-term	Contract	Deliver a public infrastructure, asset or service	The private party shares the risks. The definition includes concessions aimed at public service delivery but excludes concessions such as licences on public assets that are a source of government revenue (e.g. mining).
World Bank (2018)	Long-term	Contract	Deliver a public infrastructure, asset or service	The private party bears significant risk and management responsibility. Remuneration is performance-based.
EIB (2019)	Long-term	Contract	Deliver a public infrastructure, asset or service	

The study found that these definitions inform the national laws of both the countries with a long tradition of public–private cooperation and those with a more recent experience of the practice. The definitions stipulate the necessity for contractual arrangements, for example concession, Build-Operate-Transfer (BOT) and risk sharing models. They assume that the main motivation of the private sector to engage in a partnership is direct financial gain. The OECD for example explicitly excludes from the definition a wider array of arrangements where non-governmental organisations (NGOs) are involved in the development and delivery of public services.

The challenge for the present study was that while such an international understanding of PPPs dominates the academic and grey literature, at the same time it does not fit with the skills development

domain. Here, for both the public and private sides, the benefits of developing good-quality skills do not begin and end with the duration of a contract. For example, the private sector views skills development as linked to productivity and the prospects for competitiveness. Hence the return on skills investment materialises through a chain of intermediate effects in the medium to long term, and through the combined benefits of high-quality skills, appropriate use of technology, successful market strategies and other factors. Also, in the area of skills it is not uncommon for the partnerships to start on an informal basis rather than with a procurement procedure. Finally, in the field of skills, PPPs are at times formalised through a pledge rather than by more stringent contractual arrangements. Country databases of PPP projects rarely include skills development partnerships, except for those oriented to the construction of colleges, dormitories or other buildings.

## The critique of PPPs in education

The vision of education as a fundamental public good has permeated education policies in recent decades, and has directed attention to the dimensions of universal access to education, equity and the inclusion of those who are disadvantaged. The perspective of education as a public good has been part of the discourse in the field of education development and human rights that underpins the work of UNESCO and led to the Incheon Declaration (UNESCO, 2015) and the 2030 Sustainable Development Agenda's Goal 4, which aims to 'Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all' (United Nations, 2015). According to this vision of education, public policies set the conditions for universal access to and equality of opportunities to participate in education, while the state bears the responsibility for realising such conditions and addressing any inequalities. The state is thus in charge of ensuring that resources are mobilised and allocated to fulfil the objective of establishing universal access to a good quality of education, particularly at primary and secondary levels (Locatelli, 2019).

Against this background, applying the concept of PPPs to the field of education has sparked controversy and areas of ambiguity. The notion that the private sector may intervene in and have a share of responsibility for the provision of education is in many respects contested by the view of education as a public good and a fundamental human right. It should be noted that the criticisms of PPPs chiefly concern the sphere of basic and compulsory education, whereas this report focuses on PPPs in the area of skills that are developed through the provision of VET after compulsory education. Notwithstanding the difference between the contexts of compulsory education and skills development in post-compulsory education and training, here we take stock of the criticisms addressed to PPPs in education with a view to revisiting the most common and internationally agreed understandings of PPPs, as outlined in the previous section.

One criticism made of the role of private initiatives in education draws attention to the fact that the PPP approach elevates the status of the business involved from that of a supplier of services to a partner in the provision of a fundamental public good. A second criticism highlights the fact that the incentivisation of private initiatives in education has the effect of reducing the role of the state, confining it to that of a regulator and a service procurer. Such a twofold shift in roles sees the business becoming a partner in education, and hence assuming a position that is more than that of supplier, and the state progressively loosening its hold on the shape and content of education to the advantage of the new supplier-partner (Steiner-Khamsi and Draxler, 2018). This critique of potentially shifting roles relates to the governance of education systems, and notably points to the interplay between the state and the business that the model of partnerships in education could modify, positioning the latter at an advantage in the shaping of education policies.

The increasing involvement of private actors in the funding of education is a process that raises questions about the leading role of the state in education and lies at the root of the third critique of PPPs in education. The trend towards increasing the private funding of education can be attributed in part to the expanded access to education that has occurred in the last two decades and which has

resulted in greater pressure on public financing (Locatelli, 2019). Over this period education systems have succeeded in enrolling more children in school, often from low-income households. Although a positive outcome, this trend has, at the same time, challenged the capacity of public provision and funding. The pressure on public provision in the light of expanded participation in education has been used as an opportunity to embrace the marketisation of education provision, in a logic of demand and supply comparable to that applied to marketable goods. Thus, the third critique of PPPs in education focuses on the aspect of privatisation, in particular it identifies the PPP model as a vehicle for privatising education provision. In this view, the PPP model has transformed public education by acting as a means to widen the space for a market approach to permeate large areas of the provision and funding of education.

The critique of PPPs as a vehicle for privatising education supply identifies a link between this model and the shrinking intervention of states in this fundamental public policy. Documented cases in low- and middle-income countries in Africa, Asia and South America have supported this position, notably over the last 20 years. However, the critique of the PPP model as encouraging privatisation is also connected with earlier cases, placing it in the context of the New Public Management paradigm that became hegemonic in many public policy domains in the 1980s. In the literature, the cases of Chile and the USA are often referred to among the countries that have created favourable conditions for private operators within their education system, including through incentivising private provision. Private suppliers have increasingly seen their position recognised in the delivery of a public good. This expansion of the private space within a public policy has been communicated through a variety of messages conveying desirable prospects – including, for example, that PPP initiatives are effective and that families’ choices should not be subject to state monopoly – while non-state operators’ efficiency has been invoked as an alternative to bureaucratic public services (Jomo et al., 2016).

Recent research has highlighted concerns regarding PPPs in education, primarily with respect to effectiveness, accountability, equity and social cohesion: PPPs may fail on quality-driven accreditation, develop provision outside of state regulatory frameworks with little or no reporting, reinforce segregation in education by raising barriers to access, depress teachers’ pay, and generate negative impacts in fragile contexts (de Koning, 2018). The human rights perspective however provides a lens through which to assess the diversity of PPPs in education and related areas of ambiguity. It can foster awareness of the implications of private participation in education and promote the establishment of accountability, setting the conditions for equal access and social inclusion. A series of civil society organisations have carried out critical research from the human rights perspective to explore the contours and effects of the increased participation of private actors in education. The results of this research and discussion workshops are synthesised in the ‘Abidjan Principles: Guiding principles on the human rights obligations of states to provide public education and to regulate private involvement in education’ (Abidjan Principles, 2019). This document reaffirms that education is a human right, and elaborates on the normative framework that can support its realisation under the conditions of equity and actors’ accountability.

In summary, the criticisms of PPPs in education point to the possible negative consequences of having private actors deliver a fundamental public good. These negative consequences may unfold in different areas and levels of the education system. Notably, PPPs change the relationship between the state and the private sector in education, whereby the latter is upgraded to the status of a partner in the provision of a public good, while at the same time the state’s sphere of responsibility is reduced to that of regulator and service procurer. The modified public–private interplay therefore affects the governance of the system, taking it in a direction where the hold of the state on the shaping of policies is reduced by the influence of the private sector. The third criticism addresses the issue of the privatisation of education as a possible consequence of the PPP model: for education that is provided outside of the state normative framework, there are concerns about possible failures in terms of quality, equity, accountability and social cohesion.

The criticisms of PPPs summarised above address the 12 years of general education, in particular the years of compulsory education. However, VET and skills development have their own specificity and history of public–private relationships, which were introduced earlier in this chapter and on which the following section will comment further. Nevertheless, there are lessons from the critique of PPPs in education that can be taken into account in the course of revisiting the PPP concept in the context of VET.

## Specificity of PPPs in VET and skills development

Public and private cooperation in VET is rooted in the interlinkages between a country's technical and vocational skills, and its economic and social development. The modalities of the cooperation are embedded in specific contexts and historical traditions: in some European countries, for example, the public and private relationship on skills formation and development dates back to the guilds of the Middle Ages, whereas in other contexts public–private cooperation in VET has been shaped by different historical processes. Albeit with variations, the VET model extends its benefits through the combination of theoretical or knowledge-based education with practical learning. Such a model rests on close collaboration between schools and companies throughout the entire learning process, from the planning stage to the implementation and assessment of learning outcomes. Rather than being an option, in fact public–private cooperation has grown to become an intrinsic feature of VET and skills development systems.

The programmes that blend school- and work-based learning illustrate the type of common engagement that public and private sides can achieve in skills development policy and practice. Yet, public–private cooperation in VET consists of more than that; it concerns consultation on new policies, planning fresh learning programmes based on labour market forecasts, joint skills needs' assessment and design of qualifications frameworks, and the shaping of training funds and mechanisms to incentivise learning. In some countries these cooperative relationships are framed by institutionalised social dialogue in VET, as mentioned earlier in this chapter. VET systems are very heterogeneous, not only between each other but also within themselves (Allais and Wedekind, 2020), hence the terrain for cooperation in VET may be extended or limited depending on the context and country. The issue in this discourse is that such cooperation may lead to new learning that affects and augments educational results, on one hand, and advances policy practice, on the other hand. Seen from the angle of educational theory, scholars argue that boundary crossing between societal sectors, public schools and private companies in various domains requires effort and leadership from the actors involved, but that it may yield unforeseen forms of collaborative learning and educational results, not only between disciplinary domains within the school but also through bridging the gap between schools' practice and the innovation frontier in networks of companies (Akkerman and Bakker, 2011; van der Meer et al., 2017).

Turning now to the three criticisms of PPPs in education illustrated in the previous section, we highlight those aspects that proffer lessons and questions applicable to VET. The first concern is the upgrading of the role of the private sector to that of a partner of the state. In our field of interest this aspect prompts the question of what type of partner the private sector is within a PPP in VET. The second dimension addresses the shrinking role of the state in the shaping and content of education. If the role of the state is confined to that of regulator and service procurer, the risk of losing control over the learning process and its outcomes is real. These lessons learned in general education may also apply to VET – hence the question is: what role does the public sector play when it enters into a PPP in VET? The heart of the third criticism concerns the failures that privatisation may bring with it, which in the context of VET leads to the question of whether the PPPs are anchored in the state normative framework and standards, and what arrangements are in place to ensure that this is the case

The above three critical dimensions address issues of governance. The first two deal with the interplay established between the state and the private sector in a VET sector PPP and the last one concerns



the issue of the regulatory framework and how the state uses normative instruments to ensure that all private actors are accountable for the same quality outcomes as the public actors. The analysis of the 23 case studies of PPP addresses these governance issues, while the evidence from the study allows an appreciation of the variety of situations in play, as well as indicating how to revisit the definition of PPPs in the context of VET and skills development.

## The 2030 Agenda<sup>4</sup> and the Sustainable Development Goals' perspective on partnerships

According to the UN World Public Sector Report 2018, creating synergy between public policies to avoid fragmentation and inconsistency in policy making requires coordination across the public sector and citizen engagement. The report examines how governments, public administrations and public institutions can foster an integrated approach to the 2030 Agenda and Sustainable Development Goals (SDGs), while at the same time taking stock of the challenges involved, among which is the policy fragmentation that often prevails at various stages of the policy cycle. The report identifies three key dimensions to fostering policy integration in the framework of the 2030 Agenda: the horizontal integration of policies across sectors or institutions; the vertical integration of policies and actions across various levels of government; and engagement, that is, the inclusion of relevant stakeholders in the realisation of shared development objectives (United Nations, 2018a).

By outlining the three dimensions of horizontal integration, vertical integration and citizen engagement, the report brings the governance dimension to the forefront of the 2030 Agenda, while drawing attention to the fundamental importance of the public sector, on the one hand, and non-state stakeholders, on the other, in attaining sustainable development. The governance issues are cross-cutting in the 2030 Agenda, but are also specifically targeted by SDGs 16 and 17, which are the two systemic-level SDGs. One specific aim of SDG 16 is to 'build effective, accountable and inclusive institutions at all levels', and in fact the categories effectiveness, accountability and inclusiveness in terms of institutions are influencing new research on public governance and definitions of good governance (United Nations, 2018b; Bouckaert et al., 2018). SDG 17 targets, among other factors, the 'systemic issues' that touch upon policy and institutional coherence and multi-stakeholder partnerships in taking action to achieve sustainable development.

The integration of policies that are on the same trajectory towards the aim of sustainable development is a governance approach that suits the skills development field, in contrast to the fragmentation that typically arises from the position of VET at the crossroads of employment, social inclusion and economic development policies and measures. The fragmentation of VET policies can often be observed across the board, from the vision of the sector, which does not always cater to the diverse expectations of skills development that people have through the course of their lives, through to the policy and implementation stages (ETF, 2020).

The SDGs help to make the connections between policy areas, such as lifelong learning for all featured in SDG 4, and the areas of growth, employment and work found in SDG 8. VET is explicitly targeted in SDG 4, which aims to ensure the availability of inclusive and equitable high-quality education and promote lifelong learning opportunities for all by the year 2030. The scope of SDG 4 encompasses pre-school and basic education, as well as general, technical and vocational education, in both formal and non-formal settings, at all levels of attainment and all ages. By targeting skills for young people and adults, SDG 4 goes beyond education alone, taking into account that skills development continues at work and in other non-formal and informal settings, and recognising the

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<sup>4</sup> 'Transforming our World: the 2030 Agenda for Sustainable Development' including its 17 Sustainable Development Goals and 169 targets is a commitment to eradicate poverty and achieve sustainable development by 2030 world-wide, ensuring that no one is left behind. Adopted in 2015 at a special UN summit, the 2030 Agenda provides for a shared global vision towards sustainable development for all.

importance of blended learning based on both theory and practice. The SDG8 sphere is sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all by 2030. The targets of this goal span issues that depend on, or are helped by, education and training. Its targets, in fact, include the creation of productive and decent jobs while encouraging entrepreneurship, creativity and innovation; full employment for everyone; sustainable tourism that generates jobs and promotes local culture and products; a drastic reduction in the number of young people not in employment, education or training; and the implementation of a global strategy for youth employment.

For the purpose of this study, we now look at how partnerships in the VET system may facilitate the integration of skills development with employment and work. Notably, we ask how the ‘effective public, public–private and civil society partnerships, building on the experience and resourcing strategies of partnerships’ (target 17.17 in the SDG17) support the achievement of the SDG4 and SDG8 targets. **Table 1.3** proposes partnerships that may be formed by cross-referencing selected targets in the SDG4 on education and skills, and in the SDG8 on employment and work. The SDG4 and SDG8 targets give direction and scope to the SDG17 targeted partnerships. The table shows the interaction of the three SDGs, based on the approach that promotes policy integration as opposed to fragmentation.

**TABLE 1.3 HOW PARTNERSHIPS (SDG17) MAY SUPPORT SDG4 AND SDG8 TARGETS**

SDG8 By 2030 ensure:	Target 8.3 Productive activities, decent job creation, entrepreneurship, creativity and innovation	Target 8.5 Full and productive employment and decent work for all women and men, including for young people and persons with disabilities	Targets 8.6 and 8.b Reduced proportion of youth not in employment, education or training Implement a global strategy for youth employment	Target 8.9 Policies on sustainable tourism that creates jobs and promotes local culture and products
SDG4 By 2030 ensure:				
Target 4.3 Equal access for all to affordable and quality technical, vocational and tertiary education, including university		Partnerships on school-to-work transition for all	Partnerships on quality VET, early school leavers, youth employment	
Target 4.4 Increased number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	Partnerships on skills for jobs to be created, including entrepreneurial skills, creativity and innovation	Partnerships on increased skills relevance	Partnerships on well-targeted transitions to work	Partnerships on new learning programmes for sustainable, non-standardised tourism industry
Target 4.5 No gender disparities in education, and equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations	Partnerships on skills for productive and decent jobs to be created that have no gender or vulnerability bias	Partnerships on skills for existing jobs that have no gender or vulnerability bias and on the social responsibility of enterprises	Partnerships on dedicated and well-targeted active measures	

Source: Author’s elaboration on SDGs targets from UN Knowledge Platform online.

**Table 1.3** illustrates what partnerships mean if we look at VET and skills as an area where both learning policies (SDG4) and employment and work policies (SDG8) intersect, and examines the purpose and motivation at the heart of the partnerships. The table indicates the diversity of the partnerships that can be forged to enhance learning, full employment and decent work. These may

involve government and non-governmental actors, can be mostly public-oriented or mixed, and have different scope and width. In other words, the instruments and modalities used to form actor partnerships cannot be confined to one format because they have a variety of different needs. To develop skills through vocational education and continuing training in formal, non-formal and informal settings by bridging learning and work requires that alliances be formed between the world of public policies on education, employment and economic development and the world of business, entrepreneurship and job creation.

This report features a selection of partnerships that bridge learning and work, and provides a typology based on their purpose, scope and membership; it also analyses the relevant enabling conditions, and the actors involved with their motivation. Many more partnerships exist but this report is not meant as an inventory. The 23 case studies detailed in Volume II document the diversity of the PPPs that are built around skills development for employment and work, and their comparison illustrates the conditions that are essential to ensure the effectiveness of the PPPs. In addition to the PPPs' diversity, the selection of the case studies also shows that PPPs are not the default option in all circumstances or the solution to every problem in VET. They function according to the motivation and purpose of the actors involved, the policy and the SDG, and interact with their surrounding conditions; PPP should be seen as an instrument to attain meaningful and effective policy delivery rather than an aim in itself.

## 1.4 The study's operational definition of PPPs

This study adopted an operational definition of PPPs, based on the conclusions that the internationally acknowledged definitions of PPPs are not suited to the skills development field; that the understanding of PPPs in education does not capture the specificity of the government and social partner cooperation rooted in VET; and that while the SDGs encourage PPPs as one systemic issue, they do not provide a definition of the concept. Possibly, a universal definition of PPPs is undesirable considering the wide range of partnership experiences across policy areas, countries, forms of governance and economic sectors.

For the purposes of the ETF study, PPPs for skills development are mechanisms for coordinating action and sharing responsibility between public and private stakeholders in VET for formulating, designing, financing, managing or sustaining engagements of common interest with a view to producing results at the level of outcomes (impact) in addition to outputs. Public stakeholders in PPPs may include public institutions or semi-public organisations, such as agencies and state enterprises, while private stakeholders may encompass individual businesses as well as associations and chambers of commerce. Furthermore, partnerships may unfold concerning any aspect of skills development within a particular economic sector, at the school/company level, as well as at the national or sub-national scale.

The operational definition was used to identify the case studies under review, while the following common elements of PPPs were used in the analysis of these cases. These common elements were mapped in a study carried out by the EU social partners (ETUC et al., 2017):

- a relatively stable relationship involving cooperation between the public and private partners on different aspects of the planned project;
- the method of funding for the project, in part from the private sector;
- the participation of the economic operator at various project stages (design, implementation, funding);
- the public partner's concentration on defining the objectives to be attained primarily in terms of public interest, quality of services provided and pricing policy, and their taking responsibility for monitoring compliance with these objectives;



- the distribution of risks between the public partner and the private partner, to whom the risks generally borne by the private sector are transferred.

These common elements are used in the study as a kind of baseline to ascertain whether they are applicable to the skills development field. They derive from the international understanding of PPPs, and hence reflect the assumptions of the PPP definitions discussed earlier in this chapter, which are prominently project-based and often output-driven. However, these elements help to show that PPPs do not exist in a vacuum but need stable relationships and various conditions to function. The first element in relation to the importance of stable public–private relationships implies prior cooperation that precedes the formation of the specific PPP. Similarly, the co-funding principle implies pre-existing legal arrangements that allow the parties to formalise agreements on cost-sharing. These and the other elements are embedded in the study methodology that is detailed in Chapter 2 below.

Outcome- or impact-based PPPs for skills development are intended to place the student, the trainee or the jobseeker at the centre of the process; at the same time, depending on the context, they may be a source of innovation in VET management and delivery. Identifying what the learning outcomes are for the beneficiaries and what the results in terms of policy learning for the VET and skills planners might be are central questions in this publication.

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# CHAPTER 2. METHODOLOGY AND TYPES OF PUBLIC–PRIVATE PARTNERSHIPS<sup>5</sup>

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## 2.1 Study methodology

The ETF research team designed a qualitative methodology that encompasses the selection and analysis of case studies. The methodology suited the purpose of exploring the characteristics of PPPs as a collaborative endeavour, the role of various actors, the underpinning governance arrangements, and the conditions that support PPPs' formation and progress. The case study approach was motivated by two challenges: on the one hand, the PPPs for skills development are scarcely documented, neither in the literature nor in databases of PPP projects; on the other hand, there has been no previous systematic analysis of the variety of the PPP experiences in the skills domain, their differences in focus and scope, intervening actors and modalities of cooperation. These two challenges may partly explain the absence of a consensus on the definition of PPPs in the field of skills. The ETF study contributes towards such a definition by documenting the characteristics of PPPs in a wide variety of skills-related cases.

The tools used for data collection and analysis in the study comprised the operational definition of PPPs for skills development, desk research, in-depth interviews and multi-stakeholder workshops. The columns in [Table 2.1](#) summarise the main steps in, respectively, data collection and analysis; the rows indicate the sequencing between the different phases and the partial overlapping of data collection and analysis (steps that are positioned in the same row), due to their interdependence in some of the phases.

**TABLE 2.1 MAIN STEPS IN THE METHODOLOGY OF DATA COLLECTION AND ANALYSIS**

Main steps in the data collection	Main steps in the analysis
	Reviewing the existing definitions of PPPs and the common elements in PPPs Adopting an operational definition of PPPs suitable for the skills development field
Identification of case studies of PPPs in the field of skills development, in countries with: <ul style="list-style-type: none"> <li>■ a consolidated tradition of social dialogue and institutionalised public–private cooperation in VET (group 1)</li> <li>■ recent experience of social dialogue and/or non-institutionalised public–private cooperation in VET (group 2)</li> </ul>	Appraisal of the PPPs' common elements, characteristics and conditions for their formation and implementation in each case study Draft typology of PPPs for skills development
On-site workshops and in-depth interviews with the case studies in the group 2 countries Remote in-depth interviews and final selection of case studies in the group 1 countries	Final typology of PPPs for skills development Comparison of the PPP case studies within and between the two country groups
	Policy learning and conclusions on learning outcomes

<sup>5</sup> The author of this chapter acknowledges the input of Donatas Pocius, PPMI, in Section 2.1 and in the first draft of Sections 2.2 and 2.3.

## Mapping PPPs for skills development

The adopted definition of PPPs for skills development was used to map existing partnerships in this field in countries with either an established or a recent tradition of public–private cooperation and social partnership processes in VET. In this study, PPPs are mechanisms for coordinating action and sharing responsibility between public and private VET stakeholders for formulating, designing, financing, managing or sustaining engagements of common interest with a view to achieving results at the level of outcomes (impact) in addition to outputs. Such a description embraces a wide variety of PPP experiences in VET, as well as catering for those partnerships that are governed by legal and financial arrangements rather than the standardised contracts referred to in the international definition of PPPs (see Chapter 1).

The first step in the selection process was the identification of suitable case studies based on two eligibility criteria.

1. The PPP case matches the operational definition and possesses the **common elements** mentioned at the end of Chapter 1.
2. The available **qualitative information** enables the appraisal of the PPP's characteristics and the conditions that underpin its formation and implementation.

The initial identification of PPPs in the skills domain resulted in a longlist, which later led to the final selection of the 23 case studies reviewed in Volume II of this publication. Ten PPP case studies are rooted in countries with an established tradition of social partnerships and public–private cooperation in VET, comprising six EU Member States, Australia, Israel, Morocco and Norway (group 1). The other 13 case studies come from countries where such a tradition is recent and/or not institutionalised, which for the purpose of this study include Jordan, Kazakhstan, Serbia and Ukraine (group 2).

**In countries with a consolidated tradition**, the ETF research team identified suitable PPPs through desk research. Among hundreds of PPPs of various scales, preference was given to examples of PPPs in VET that were described as having a positive impact on skills development and/or steering innovation in this sector. To allow for thorough description and comparison, the focus was on cases that are well-documented in credible academic articles or applied research reports, including those of international organisations and their agencies (UNESCO, World Bank, European Commission, ETF, Cedefop, etc.) as well as other sources of information (e.g. websites or conference and group work materials).

A further criterion for selection was having the largest possible variety of PPP case studies represented in the study. Attention was paid to including PPPs implemented at different levels (e.g. national, regional, sectoral, local), with different functions (e.g. skills forecasting, VET delivery, school management, career development support), relying on a variety of financial arrangements (e.g. voluntary contributions, levy-based schemes) and different governance structures (e.g. sectoral councils, regional steering groups, multilateral school boards), and exhibiting differences in scope (e.g. systemic versus ad hoc partnerships). The desk research phase led to a longlist of case studies in the group 1 countries; the number was then reduced through subsequent iterations, and at final selection stage only ten were retained in the study based on their availability for an in-depth interview conducted remotely.

**In Jordan, Kazakhstan, Serbia and Ukraine**, national committees composed of public authorities, social partners and experts assisted in the identification of a longlist of PPPs, while the final selection of case studies was the responsibility of the ETF research team. The national committees performed the key role of providing information on the variety of PPPs for skills development operating in their respective countries. The ETF research team provided the national committee members with the



criteria for identifying suitable case studies in advance, and subsequently shared the research questions with both the national committees and the selected PPPs.

Field visits to the four countries made it possible to finetune the scope of the study with the national committees and carry out interviews with relevant informants in the selected PPP cases. The four countries all have legislation covering PPPs, which the ETF research team used as the source for the national definition of such partnerships. Stakeholder workshops were held to present the study and form a common understanding about its purpose and expected results. In Serbia and Ukraine, a second workshop was held to discuss the analysis of their respective PPP case studies. The participants in the two workshops formulated recommendations for further action on PPPs specifically for their own country (see 'Learning and the way forward' below). The assistance of native speakers from the PPP experts and national committee members was crucial to ensure that the terminology was understood in the same way by all the parties involved.

## Typology and comparison of PPPs

After the identification of PPP cases and the selection of those that matched the eligibility criteria, the next step was the delineation of a typology of PPPs. To this end, the process of analysis zoomed in on the internal characteristics of the PPPs, notably their function, their scope within the VET system, and their membership modalities. The types of PPPs were defined by looking at their internal homogeneity (similarities are maximised within a type of PPP) and external heterogeneity (differences are maximised between types). A detailed description of the typology is provided in Section 2.2.

A match was then made between the case studies and the conditions in their respective contexts that have affected their formation and implementation. Attention was paid to the legal framework, the financing arrangements and the risk management process, together with the monitoring mechanisms. To illuminate the roles of the actors, the following elements were considered: leadership, the status of social partnership in VET, and stakeholder capacity. The purpose was to find whether the pre-existing conditions apply in the same way across different countries and contexts, and clarify what conditions are necessary for initiating and sustaining the PPPs. Details can be found in Section 2.3.

## Potential impact of PPPs in skills development

The areas of PPPs' potential impact were ascertained through the desk research and in-depth interviews with stakeholders. This impact can be twofold, namely the PPP's effects on innovation in VET and on the quality and accessibility of learning opportunities. In terms of innovation, for example, this could relate to new models of provision, new institutions or different governance arrangements. However, the comparison of innovative elements was limited by the diverse histories of the PPPs and variations in country contexts, as what is accepted practice in one country may be seen as ground-breaking in another. With regard to the effects on the quality and accessibility of learning, for example in terms of new groups of learners, these were appraised only through the stakeholder interviews, as direct observations of the learning process and learner interviews were not part of the study design. The findings concerning the positive effects of PPPs on VET are anticipated in Chapter 3 and more extensively discussed in Chapter 4. The possible drawbacks and negative effects of the PPPs in skills development are considered too.

## Learning and the way forward

After building the typology of existing PPPs in the two country groups and matching their respective conditions, a second field visit took place in Serbia and in Ukraine. Workshops and additional in-depth interviews with the protagonists led to discussions on the typology of the PPPs and other study findings, in order to learn from the case studies in their respective countries, as well as looking at international practice, and lay the basis for establishing the way forward. The workshops were

structured to maximise the interaction between the research team, the case studies' representatives and the VET system stakeholders. Discussions were held in mixed groups around four topics:

- the development of a public–private cooperation legal framework;
- the creation of financial incentives;
- ways to engage in more effective social dialogue in the area of VET and skills;
- methods for initiating action learning among social partners, government representatives, VET schools and other relevant actors to engage in dialogue and effective partnerships.

Participants then proposed ways forward for PPPs to provide high-quality skills, improve expertise in specific sectors, contribute to social inclusion and motivate companies to invest in skills.

After the second field visit to Serbia and Ukraine, a final round of in-depth interviews was carried out with the representatives of all the other countries' case studies covered by the research. At this stage the selection of the case studies was finalised, excluding those unavailable for the in-depth interview. Based on the consolidated findings, a comparison of PPP characteristics was made between the two country groups (see Chapter 3), and the effectiveness of the individual PPPs was analysed across all 23 case studies (see Chapter 4). Representatives from the case studies, social partners, EU institutions, and international donors and experts debated the draft report and conclusions in a workshop held in Brussels in December 2019. Their feedback and reflections are integrated into this publication.

## 2.2 Types of PPPs in skills development

Because of the many dimensions and characteristics at play, there are a number of different ways in which the PPPs in the area of skills development can be categorised. Even when selecting only a few dimensions, creating a clear-cut typology is challenging because each partnership combines elements from different types of PPP, for example it may have multiple purposes, mixed financing arrangements, different contracts by component or an evolving contractual frame. A PPP that is mainly oriented towards VET provision may also be concerned with solving resource issues, while the leadership of the PPP can be joint or it may shift over time; for example, a project started by one partner in the role of leader may be taken over by another partner at a later stage of implementation.

The core typology of the PPPs in this study encompasses three dimensions – function, scope and membership, where the function and membership aspects reflect the operational definition of the PPP and the scope dimension is a result of the mapping. In fact, according to the interviewees, the scope or level of the PPPs' integration within the VET systems is an important factor for assessing their lasting impact. The core typology of PPPs was defined chiefly through the mapping process in the countries where there was a long history of public–private cooperation in VET. The mapping in Jordan, Kazakhstan, Serbia and Ukraine substantively validated the choice of the three dimensions and the modalities contained therein.

After looking at the typology in this section, Section 2.3 proceeds to examine the conditions that affect the PPPs, namely: the legal framework, the financing, social partnership in VET, and the partners' capacities. The analysis also extends to cover three additional dimensions embedded in the PPP common elements (see the end of Chapter 1): risk management, monitoring mechanisms and the leadership roles. This analysis drew on the mapping of cases in country group 1, but relevant adjustments were made in light of the experiences of the countries in group 2, namely Jordan, Kazakhstan, Serbia and Ukraine.

## Functional families of PPPs

A major dimension of PPPs is the function they perform. The mapping process led to the conclusion that there are three main functional families of PPPs for skills development.

1. **Knowledge-oriented PPPs** generate understanding of labour market needs and the demand for skills, competences and qualifications. These partnerships can include sector skills councils, analytical centres or similar expert bodies that produce labour market intelligence, work on qualifications frameworks, create other expert services and in general develop expertise.
2. **Resource-oriented PPPs** are concerned with improving the level of financing for VET, infrastructure and human resources, and therefore may deal with capital, equipment, schools and people. They contribute to the learning process by engaging in fund-raising for teaching activities, laboratories and the development of the teaching staff. The traditional perception of PPPs as large-scale infrastructure projects is associated with this function; however, smaller-scale initiatives aimed at assisting in the provision of funding, infrastructure or equipment for VET also fall into this category.
3. **VET provision-oriented PPPs** focus directly on the learning process and are the most diffuse of the functional families. They include the coordinated public–private offer of skills development, including various models of work-based learning such as apprenticeships, but also guidance and career services.

## Scope and integration with the VET system

In some countries, the principle of public–private cooperation permeates the VET system as a whole and structures the relationship between VET and the labour market. In these contexts, the term PPP is almost a synonym for social dialogue in VET, rather than indicating one of the mechanisms that operationalise social dialogue. For example, in Denmark<sup>6</sup> trade committees form a backbone structure that contributes to curriculum development, quality assurance and the approval of companies for apprenticeships; there is also a cost-sharing arrangement in the form of a reimbursement scheme for employers that serves as a basis for dual IVET programmes.

Such permeating systems may be difficult to ascribe to a single functional type, as presented above, since they focus on a variety of purposes at once, or concentrate on one function as a process and another as an end result (the Danish the trade committees are knowledge- and resource-oriented, and act as a vehicle to provide dual programmes).

The mapping process distinguished the following main modalities in this dimension:

1. PPPs permeating the whole or part of the VET and skills development system;
2. PPPs where elements of permeating scope exist – this modality applies where there is an aspiration towards a full integration of PPPs within VET (PPPs are considered as the guiding principle in theory but not in reality) and where there is a connection between two or more PPPs;
3. ad hoc/isolated PPPs – in these cases, the PPPs are not embedded in an overarching partnership principle within the VET system.

The examples of permeating PPPs are few in number, and the strong dual education systems that are rooted in Denmark, Germany and the Netherlands are difficult to replicate due to the importance of contextual factors. In Morocco only specific connections were found between the selected case study and elements of the VET system, that is, between the delegated management of sectoral colleges and

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<sup>6</sup> The two case studies identified in Denmark during the mapping were not retained in the final stage of case study selection.



curriculum development, recruitment of teachers and trainers, provision of education and training, implementation of examinations and other aspects of the learning process.

The desk research and stakeholder interviews supported the view that permeating PPPs, or at least elements of them, can lead to strong VET outcomes. The more the principle of PPP is embedded within a VET system, the stronger the private sector's ownership of skills development becomes. Therefore, it is pertinent to look beyond the instances of ad hoc collaboration and build on successes, even partial achievements in a given area, to expand the collaborative process. At the same time the question of 'how' to move from ad hoc to generalised collaborative partnerships necessitates the formulation of a strategy.

## Membership modalities

The dimension of membership defines a PPP typology through straightforward modalities that reveal the type and number of partners who participate in the PPP, as well as the options for involving additional partners.

### Number of partners:

1. single public partner, single private partner;
2. multiple public partners, single private partner;
3. single public partner, multiple private partners;
4. multiple private and public partners.

### Types of organisations involved:

1. VET providers;
2. businesses;
3. public authorities (national, regional, local);
4. other private organisations (business representatives and associations, chambers of commerce);
5. other organisations (trade unions, NGOs, tripartite councils);
6. organisations created specifically for the PPP (sector skills councils, knowledge or managing bodies).

### Openness of the PPP:

1. open – new partners can join;
2. closed – new partners cannot join (e.g. this is excluded by the contract or business model);
3. semi-open – only some types of partners can join (e.g. new private partners but not new VET providers);
4. semi-open – partners can join at a specific time (e.g. after a stage of collaboration is complete; in a new academic year).

These characteristics have little influence on the innovative nature and impact of PPPs, but there are exceptions. Crucial in this respect here are the possibilities for expansion, replicability, dissemination and scaling-up. The closed examples with one public and one private partner may stand as a good practice case, but replication by other parties can be problematic. This is evidenced by the examples of the School-Industry Partnerships in Australia, the large-scale industry school in Iceland<sup>7</sup>, and the Excelsior skills and occupations information system in Italy, which have a low potential for expansion and replicability. The mapping shows that the PPPs are closed when a strong partner is involved, either private or public, and competition issues come into play. When the PPP is large in scale, with limits on further expansion, or when it is closely tied to a specific sector or need, in these cases the

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<sup>7</sup> The case study identified in Iceland during the mapping was not retained in the final stage of case study selection.

relevance to other parties and contexts can be an issue. In the majority of the case studies in country group 1, however, multi-actor collaboration is the norm and participation is open.

The desk research shows that the variety of types of organisations rather than merely the numbers involved can be beneficial for the PPPs. The role of social partners will be discussed later, but here we highlight the importance of civil society actors such as NGOs who can bring innovation into the collaborations, particularly if a social dimension is considered, as in the Belgian and Israeli case studies. Involving both individual businesses and their associations, together with both individual VET providers and their managing public authorities, brings the value of enriched perspectives to the PPP, and realises multilevel governance in practice.

The creation of specific bodies designed for the PPP is an important element of innovation. In the mapping, this membership modality was seen as a mechanism for facilitating collaboration. Important examples include the apprenticeship governance body in the Norwegian oil sector and the knowledge multiplier Katapult in the Netherlands.

[Table 2.2](#) categorises the PPP case studies according to their main function. [Tables 3.1](#) and [3.2](#) present an overview of the three dimensions: function, scope and membership.

**TABLE 2.2 PUBLIC–PRIVATE PARTNERSHIP CASES STUDIES**

No	Country	PPP title	Functional type
1	Italy	Excelsior – Skills and occupations information system	Knowledge-oriented
2	The Netherlands	Public–private partnership in VET and higher education	VET provision- and resource-oriented, with elements of knowledge-oriented
3	Norway	Education Office of Oil-related Trades	VET provision-oriented
4	Morocco	Delegated management model of VET institutes	VET provision- and resource-oriented
5	Israel	Amal Educational Network and its entrepreneurial centre	VET provision-oriented
6	Australia	School industry partnerships	VET provision-oriented with some elements of resource-oriented
7	France	Campuses of professions and qualifications	VET provision-oriented with strong elements of resource- and knowledge-oriented
8	Sweden	Teknikcollege – a network of advanced training providers	VET provision-oriented with elements of resource- and knowledge-oriented
9	Germany	Gesamtmittel – skills development for metal and electrical engineering industries	VET provision-, knowledge- and resource-oriented
10	Belgium	Integration and employment of young immigrants programme	Resource-oriented, with elements of provision-oriented (transition to work), and knowledge-oriented
11	Jordan	Sector skills councils	Knowledge-oriented
12		Centres of excellence	Resource- and VET provision-oriented
13		Delegated management of workshops	Resource- and VET provision-oriented
14	Kazakhstan	Trust management	Resource-oriented
15		Dual education	VET provision-oriented
16		Dormitories and catering	Resource-oriented
17	Serbia	Institute of Field and Vegetable Crops	Production-oriented with elements of provision-oriented
18		Education to Employment 'E2E'	Knowledge- and VET provision-oriented
19		Cluster FACTS	VET provision-, resource- and knowledge-oriented plus a number of other services
20		HORES Academy	VET provision-, knowledge- and resource-oriented
21	Ukraine	Training-practical centres	Resource- and VET provision-oriented
22		Internships at enterprises	Mainly VET provision-oriented with elements of resource- and knowledge-oriented
23		Participation in Education content development	Knowledge-oriented

Source: Author's elaboration based on the case studies assessment (Volume II of this publication).

## 2.3 Conditions for and common elements of PPPs in skills development

### Legal arrangements

The applicable legal arrangements influence the formation and implementation of PPPs by setting the conditions for their existence and the effectiveness of their operations, as well as stipulating the provisions for monitoring and accountability. The desk research looked at the various [types of legislation](#) that come into play in the field of skills development and noted the following options:

1. [PPP law and related laws and by-laws](#) – this is more relevant in PPPs that deal with infrastructure projects and usually implies the participation of the national PPP unit;
2. [VET, education and employment laws and by-laws](#) – these are most applicable to PPPs for skills development;
3. laws, by-laws or regulations are [specifically targeted at a concrete PPP](#);
4. collaboration exists [without a clear regulation](#).

Although a legal arrangement is always in place, the reports that document the PPP case studies do not discuss the legislative framework, as if whether the PPP is regulated by PPP law, VET or education law had little or no importance. In the countries with consolidated PPP experience, by-laws such as regulations dedicated to a PPP type, or modality within a type, were of greater relevance than the overarching legal framework for governing PPPs.

The second significant aspect is the [level of the legislative authority](#), which can be sub-national in the countries where responsibility for the VET system is decentralised to the regions. The national laws define the framework in which the PPPs of each type may exist, and the mapping did not reveal any difference between the role of generic PPP laws and specifically VET-focused laws in the creation and functioning of PPPs in the field of skills. The sub-national laws instead take into account the particular circumstances of the economic sectors in the regional or local landscape that are at the core of the skills demands, a situation exemplified by the Campus of Professions and Qualifications in France, among other cases.

A more relevant issue is the mere [presence or absence of a legal framework](#). In all countries with consolidated VET social partnership, the legal framework was present and there was no uncertainty regarding how the collaboration in PPPs should be regulated. However, uncertainty was reported as an obstacle in countries with recent experience of public–private cooperation in VET. Yet another observation concerned the dynamics of the legislation. The mapping of the PPPs revealed an evolutionary picture in relation to the legal context, with multiple adjustments made over the course of the PPP's life, for example in the cases of the Excelsior skills and occupations information system in Italy and the PPP centres in the Netherlands. It is worth noting that the fine-tuning of the legislation indicated the maturity of the PPP; after the inception and experimental phases have yielded results the state intervenes to ensure sustainability.

Another dimension of the legal framework is the [type of contract](#) between the partners. The kinds of contract in place can include:

1. memoranda of understanding;
2. long-term contracts;
3. fixed-term contracts (e.g. annual);
4. large-scale traditional PPP contracts;
5. other types of signed documents (pledges, commitments, statements);
6. no formal contract exists.

As with the analysis on the type of legislation, the desk research found no evidence that the contract type significantly influences the PPPs. In the absence of contracts, pledges and commitments can be a credible alternative. Instead of setting the rules, these documents provide peer pressure from the other signatories regarding the parties' commitment. Examples of pledges or commitments include statements of action and agreements on cooperation for VET development.

There are identified cases where no formal agreement exists between the parties involved. In Queensland, Australia, while the public authorities and the private partner entered into a contract, no agreement was signed with over 70 participating VET schools. Rather, the partnership was based on long-standing trust and prior connections.

## Financial arrangements

The mapping stage of the analysis confirmed that the financing arrangements play a significant part in the shape and function of the PPPs. The model of financing can display a wide range of modalities, depending on the source of funding, the method for distributing public funds, and the system for engaging private financial resources, with effects on the longevity of the PPP.

There are generally two sources of funding in a PPP, namely the public and the private, and both sides must contribute for the collaboration to be considered a PPP. On each side, the sources of funding have their own modalities.

### Modalities of public funding:

1. state budget;
2. regional or local budget;
3. public VET provider's own budget;
4. special dedicated funds (specific funding programme);
5. donor support (where relevant).

The source of funding has important implications for the PPPs, and where state funding is limited it is more difficult not only to launch such partnerships, but also to expand and upscale the successful collaborations. Through desk research, the mapping process found that in countries with a public–private cooperation tradition, the main source of funding is the public budget from the state or less often the region. Moreover, state support more easily aligns with national priorities: the case in Morocco shows how important it can be to take national strategies into account when developing PPPs. In comparison, the state is less likely to provide direct budgetary support for PPPs in Jordan, Kazakhstan, Serbia and Ukraine. Here the alternatives are international donors and VET providers' own budgets, both of which are public financing sources, and, on a case-by-case basis, the private sector. This finding from the analysis is further discussed in Chapter 3.

### Methods of distributing public funding:

1. on a competitive basis (e.g. via tendering procedure);
2. on a grant basis;
3. on a case-by-case basis;
4. decisions are made by public VET providers using their own budgets.

A variety of methods exist for distributing public funding. These include government grants that are given to specific partnerships on a non-competitive basis. Financial support may also be allocated on a case-by-case basis, and, in practice, there are schemes for distributing funding based on eligibility criteria that are set by the public authority.

The competitive distribution of funds may be important in fostering innovation via PPPs – one example being the scheme for innovative VET partnerships in the Netherlands. This gives the public sector a

chance to steer innovation within the partnerships, set clear requirements for partners, introduce monitoring mechanisms and carry out evaluations.

Where the decision on the distribution of funding can be made by the VET provider, there are both advantages and drawbacks. On the one hand, there is more autonomy for the provider to implement PPPs; on the other, the scope of such a PPP is constrained by the funds, which can be limited. This signifies that even if the provider wishes to engage in PPPs with a wide scope there are no complementary funds that allow it to realise this objective, as was observed in the case study in Sweden.

### Methods of ensuring private funding/incentives for private investment

Convincing the private sector to invest its own funds is one of the challenging tasks in a PPP, unless the private partner is the initiator of the partnership. In practice, there are a variety of ways to leverage the financial contribution of the private partners.

1. There is a **planned financial gain for the private sector** (the classic PPP model, whereby money is collected by selling goods or services, tuition fees, etc.). Because there is a clear business case here there is no shortage of potential partners and the selection of partner can be made on a competitive basis, which has significant advantages. However, many of the services related to skills development are difficult to monetise. The models based on direct financial gain are suitable for traditional infrastructure projects, but PPPs in skills development require knowledge of the context, while the benefits are less quantifiable and more long term. The research team could not identify properly documented examples where the classic PPP model applied specifically to the skills domain in countries with a long tradition of partnerships.
2. The **expected contribution is quantified in advance**, in other words the amount of resources from the private partner is pre-established, for example 50% of the collaboration's budget. This modality has advantages and disadvantages. On one hand, the approach strengthens the ownership of the collaboration by the private partner, who is likely to take more responsibility for the end result. On the other hand, ambitious entry requirements may complicate the search for partners, because the businesses truly need to believe in the benefits of the collaboration in order to join. Such requirements are found, for example, in the vocational and higher education PPP centres in the Netherlands and in the dual study programmes in Germany.
3. The funds are taken from a **levy-based training fund** at the national, sub-national or sectoral level, or through another mechanism in the general fiscality. The advantage here is that the collection is automatic, whereas the difficulty is in targeting the levy on those who later benefit from the re-distributed funds. Otherwise the levy has to be applied on a universal basis and justification made for why the funds are disbursed on a selective basis. This modality applies to different extents and on various levels in the VET systems of Denmark, France, Italy, Morocco and the United Kingdom<sup>8</sup>.
4. **Other fiscal incentives and cost-sharing mechanisms** are also prevalent, for example: tax incentives, payback clauses and loans. As with training funds, these mechanisms can significantly ease private investment in education. However, in some countries, such incentives may be a burden on the state or prove unfeasible politically; for example, tax deductions are difficult to justify in countries with a large budgetary deficit. Most EU countries have various mechanisms in place, including a combination of different measures (e.g. see the Cedefop's database). For example, in the Netherlands, sectoral training funds exist in 116 different sectors. These are regulated by collective sector-level agreements and are generally based on levies collected from the participants (Eurofound, 2018).

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<sup>8</sup> The case studies identified in Denmark and the United Kingdom during the mapping were not retained in the final stage of case study selection.

5. There is a reliance on [good will and the perception of long-term benefits](#) by the private partners, without particular incentives or rules. In cases where there are no formal requirements to contribute nor any specific financing mechanisms, the sustainability of the collaboration relies on the motivation and financial strength of the private partner. In such a context, large companies with a strong capability to invest in skills development are more likely to engage. There are some advantages in this arrangement, as funding which is secured without particular incentives signals a genuine interest by the private partner and a perception of the true value of the collaboration. Nevertheless, ensuring continuity will be an issue if the private partner loses interest. The mapping of the case studies showed that relying on the interest of the private partner is a common practice.
6. The [private VET provider uses its own budget](#). This modality was identified in only one case, located in a country with recent experience of public–private cooperation in VET, namely Kazakhstan.

## Risk management

As with any other type of collaboration, PPPs may fail. In the traditional PPPs focused on large-scale infrastructure, the risk is first of all financial, from wasted money to corruption. When failures occur, the public side must deal with situations where the funds have been spent without a corresponding benefit to society. Here, international practice on risk management focuses on the construction of contracts and ways of ensuring that the money flow is risk free (Nathan Associates, 2017). These can include performance-based contracts, where there are incentives for good performance and/or sanctions for poor performance, and demand-led financing, which stipulates that the financial gain of the private partner depends on fees paid by end-users, an approach that lowers the risk for the public side. The quantification of all costs is also crucial in this model and closely related to the strict monitoring of all spending.

In the context of skills development there are risks unrelated to financial matters. Achieving excellence in learning is a key issue and quality assurance approaches are devised to mitigate the risk of falling standards. A second risk category is linked to lowering levels of government accountability in VET, which could be brought about by the sharing of roles. A third risk type is related to the mind-sets of the actors involved in the partnership: partners who suffer from a negative PPP experience may be reluctant to engage in this type of collaboration again. In VET, where the number of stakeholders depends on the given number of skills providers and employer associations, this may lead to a hostile environment for the development of PPPs. Measures to promote the track record of the collaboration, taking stock of successes and disseminating them, can mitigate negativity and support the continuity of the partnerships.

Leading international organisations highlight different risk management measures appropriate to the skills domain. As its main risk management elements, the World Bank mentions the importance of the following elements: an effective quality assurance system; a clear place for the private sector in the national education system; and well-defined objectives and streamlined criteria for engaging private partners (World Bank, 2009). UNESCO (2017) talks about a strong regulatory and management capacity on the public side as a crucial aspect of risk management in partnerships, to ensure accountability and state control over areas such as school facilities, teacher training, staff working conditions and democratic school governance, among others.

It can be seen that the management of non-financial risks intertwines with other dimensions of our analytical approach, for example monitoring arrangements or capacity enhancement, whose possible modes are discussed in the respective paragraphs of this section. Therefore, the focus here is on the financial side of the risks. In PPPs both the public and private actors contribute funding, and it is usual to introduce a certain [division of the financial risks](#).



The possible modalities of this risk division include:

1. risk mainly carried by the public body;
2. risk mainly carried by the private body;
3. risk shared equally;
4. little risk involved.

In addition to the division of risks, there may be [specific risk management measures](#) in place to prevent or limit failures due to fund misuse, corruption or other financial problems, for example:

1. strict monitoring and quantification of spending (see also monitoring arrangements below);
2. performance-based contracts (see also type of contract above);
3. demand-led mechanisms, where the private partner's payment does not come from public sources;
4. other mechanisms, such as guarantee funds or insurance;
5. no risk management measures in place.

As discussed in Chapter 1, there are critical issues with PPPs in education and training that concern the interplay between the state and the private sector, notably the extent to which the private sector is a partner on the same level as the state and the degree to which the state is withdrawing from its normal functions when it enters into a partnership with the private sector. In comparison with traditional PPPs in other areas of the economy, partnerships in education or other socially oriented areas are constrained by having to balance risk and responsibility, with the state always remaining ultimately responsible for providing services widely considered as social and human rights. UNESCO maintains that any failure on the part of the private partner requires the state to step in to ensure that vital services continue and societal crisis is avoided. Thus PPPs in the social sphere often learn to 'skim the cream', so that the most profitable parts of the collaboration are taken up by the private partner while the public side is left to deal with the unprofitable activities (UNESCO, 2017). Despite VET being a terrain with its own tradition of public–private cooperation compared to general education, it is not a risk-exempt sector. Developing an awareness of the risks, alongside risk management measures and accountability, is part of the discourse of good governance for PPPs in the area of skills development, and a relevant subject for policy learning.

## Monitoring, follow-up and sustainability

The mapped case studies show strong differences in terms of each PPP's outlook and attitude towards the future, specifically in how they organise monitoring and evaluation mechanisms as well as in terms of the sustainability of the partnership.

The main modalities of [monitoring and follow-up](#) include:

1. [Control-oriented mechanisms](#), for example audits and formal evaluations. These mechanisms are typically associated with high-value contracts and the distribution of funding based on tender procedures or grants. Unsurprisingly, among the analysed cases this modality applies where public funding was distributed on a competitive basis.
2. [Improvement-oriented mechanisms](#), for example monitoring and evaluation, are targeted at collecting information to effect improvements more than to exert control over spending. This modality applies for example in the dual study programmes in Germany.
3. [No mechanism is present](#). This was quite rare among the cases in the countries with a consolidated cooperation tradition, but was found in country group 2.



With regard to the [sustainability model](#), the modalities may include:

1. [A well-defined sustainability model](#) that spells out a plan for how the PPP will become self-standing and reliance on the public sector will be transformed predominantly into private investment. Failures always remain a possibility, but the sustainability model is based on realistic and tested assumptions, as in the case of the delegated management of VET centres in Morocco.
2. [No sustainability model](#) and the PPP form is planned to extend for an indefinite period (perpetual PPP). This can be a valid model if there are clear benefits for all sides and a continued level of commitment. Often, however, pilot PPPs are implemented without sufficient consideration for these elements. The sustainability model is not considered in contexts where there is a long-standing cooperation tradition and where PPPs have possibly already proven their sustainability; they may continue to evolve but do so within a framework of stability.
3. [The loose model](#), where sustainability is a concern for the partners, but there is no plan for it or any explicit agreement among the partners. The collaboration is tested first while the sustainability model is postponed to a later stage. A similar modality applies where a sustainability plan exists but is based on untested assumptions or transferred from countries with different framework conditions. This can significantly hamper the longevity of the collaboration. The loose model is more typical of the group 2 countries, where cooperation on skills development is an emerging practice.

## Source of initiative and leadership

All the PPP arrangements emanate from the initiative of one side, with various implications depending on who is the leading party in the PPP. There are also clear advantages and drawbacks associated with all sources of leadership.

1. [The state's initiative](#). Public authorities at any level can decide that a PPP will benefit the VET system. The results of such an initiative can vary from direct engagement with potential partners to legislative changes or the specific allocation of funds. The advantages here are that there are no issues with the legal framework and frequently public funds are available to support the collaboration. The drawback is that the readiness of the other partners is not always taken into account, for example whether the capacity of the VET providers and private partners is sufficient. Among the analysed cases, the state was the initiator of the collaborations in Italy, France and other countries.
2. [The VET provider's initiative](#). VET providers, in informal or formal groupings, may actively seek partnerships. The advantages in this case include having an on-the-ground perspective and well-identified and concrete needs. There can be issues, however, including a legal framework that is not properly aligned and the constrained financial resources of the VET providers combined with their limited leverage to attract additional funds. This source of initiative was not encountered among the PPP cases in country group 1 but is present in the other country group.
3. [Businesses' initiative](#). This initiative can originate from a single business, an informal grouping of businesses or a more formal association at a sectoral, regional or other level, a chamber of commerce or other organisations. The main advantage here is the level of engagement of the private partners. At least initially, there is a strong drive towards achieving good project results and a high level of commitment, which would be difficult to attain otherwise. However, businesses may overestimate their capacity to carry out a PPP, for example in terms of their knowledge of how to identify their own skills needs, develop a curriculum, or instruct the trainers. Both businesses themselves and their associations sometimes assume that a successful business can automatically contribute to skills development. Further, encountering setbacks may lead to disappointment and a loss of motivation in the private partners. In some cases, businesses take the lead as a result of their dissatisfaction with public VET provision. This can create trust issues

- and make it difficult to achieve results that are recognised by all sides. This situation is more frequent in contexts where cooperation is an emerging practice rather than a consolidated one.
4. **Donors' initiative.** As long as the donor-led project lasts there is secure funding, which means that the PPP may benefit from a grace period in achieving its objectives. Donor involvement usually brings strong expertise to the project, along with a well-developed theoretical background and the use of international practices. However, the secure but time-bound funding is a double-edged sword: if the sustainability model is not founded on realistic assumptions it is not rare to see the PPP activity discontinued after the project ends.
  5. **Mixed initiative.** This is where the main concept is formulated by the state but donors support its development. The state launches a call for proposals and businesses submit their own ideas for collaboration, to compete for funds provided by the donor. Such a mix has the potential to optimise the advantages of ownership and secure funding, at least for a given period. However, this modality is rare and there are not enough examples to draw conclusions about its effectiveness.
  6. **Other sources of initiative.** These include, for example, trade unions, NGOs or other associations.

## Social partnership

This study also hypothesises that social dialogue is a relevant condition for the formation and implementation of PPPs in VET. This proposition builds on the fact that VET policies intersect with other public policies that are a terrain for tripartite social dialogue, such as economic development and social inclusion. In order to draw conclusions regarding this hypothesis, the 23 case studies were identified from two country groups: countries with an established tradition of social dialogue in VET (group 1), and those whose experience in this area is more recent (group 2).

Among several dimensions that define social dialogue, for the sake of PPP comparison this study considers two of them: length and outcomes.

1. **A tradition of social dialogue in VET with relevant outcomes** is characteristic of the countries in group 1. Informants from the case studies in these countries referred to an acquis in public–private cooperation that the partners could rely on. This consisted of institutionalised dialogue, experience of negotiated agreements and co-designing in terms of the PPP model, as well as other collaborative practices, and resilience in confronting drawbacks and identifying solutions. Where social dialogue is an approach that informs the entire VET system, the PPP model is permeating rather than isolated, as in the case of dual VET in Germany.
2. **A long tradition, but negative or mixed outcomes**, where social dialogue either failed to achieve significant outcomes or it achieved significant outcomes but failed to make an impact (e.g. due to lack of power). The more negative this experience is, the more sceptical the previously involved parties may be about further collaboration.
3. **A short tradition, either negative or positive**, where trust has not yet matured. The consequence of this is that collaborative practices are slow to appear or develop.

The practices and dynamics of social dialogue are a crucial source of learning for all sides, and, like mutual trust, capacity also develops through experience. It is no surprise therefore that continuous social partnership is linked to the capacity of the actors to form a basis for effective PPPs in VET.

## Capacity

The capacity of individuals and organisations is a significant factor for both the public and private sides of the partnership: poor performance by one of the parties can engender disappointment and negative perceptions that hamper the implementation of PPPs for a long time, according to the desk research and interviews. This dimension relates to the capacity of the partners to handle the various aspects of a PPP, including familiarity with the policy, expertise in the sector, the management of purposeful

relationships and project management. Besides, the conditions set by the legal and financing arrangements and social dialogue can be seen as capacity; however, these are capacities in the surrounding environment that enable PPPs, rather than the capacities of the actors directly involved in the partnership.

The mapping of PPP cases has brought to light the following modalities related to the capacities of the actors involved in the partnership:

1. There is **evidence of existing high-level capacities**, for example partners have relevant prior experience or represent an industry-leading company. While there is no guarantee that high capacity alone will ensure efficiently run PPPs, as other dimensions are necessary, high capacity is a characteristic observed across the mature and sustainable PPPs.
2. The **question of capacity is not relevant**. This may be the case if the partner is just providing funding or receiving training.
3. There are **doubts about the capacity**, but no plan for capacity building. This is a risky situation which may lead to the collaboration having negative outcomes.
4. There are **capacity-building mechanisms connected to the PPP**. This may diminish the risk if properly implemented and if the capacity building is well targeted.

There are two prevailing modalities in the countries of group 1, for both private and public partners: either the capacities are very high, or they are not a relevant issue and hence they are not addressed.

The experiences of cooperation demonstrate that undergoing a number of successes and failures, even on a small scale, progressively reinforces capacities on both the public and private side. It would be inappropriate, however, to model a linear path in capacity building, as other contextual factors and the actors' motivation play a role, giving each country a unique story.

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# CHAPTER 3.

## COUNTRY GROUPS COMPARISON<sup>9</sup>

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This chapter looks at the similarities and differences between the two country groups, namely the ten countries in group 1 that are characterised by a legacy of public–private cooperation in VET and the four countries of group 2 that have relatively recent experience in this area. The evidence supports the hypothesis that this tradition matters for a number of PPP dimensions, notably the PPP scope and integration in the VET system, governance arrangements and actors' capacities. The comparative analysis builds on the methodology of Chapter 2, including an examination of the PPP's potentially positive impact on governance and innovation in VET, and concludes by highlighting elements that can serve to re-define PPPs in the skills domain. Chapter 4 will make a transversal comparison of the PPP cases across all countries and draw general reflections on the governance of PPPs in VET. The individual case studies are described and analysed in Volume II.

### 3.1 PPP types: function, scope/integration in the vocational education and training system, membership

A PPP's place in the proposed typology is dictated by the function that it performs in the VET system. In line with the conceptualisation of PPPs at the level of outcomes rather than outputs, the function is defined here with respect to the area of intended impact within the general VET and skills system, whether this be the provision of education, training and employability services, the effect of knowledge and intelligence on skills, or the resources that support the quality of the skills. However, the study found that the co-existence of several functions in one partnership is relatively common, hence the function alone is insufficient to create a generalised typology of PPPs in the field of skills. The other dimensions that complete the typology are the PPP's scope and level of integration in the VET system, and its membership modalities.

#### Functional families of PPPs

Of the ten PPP cases in country group 1, eight are mainly skills provision-oriented, one is skills knowledge-oriented and one resource-oriented. The provision-oriented PPPs focus mainly on vocational and/or higher professional skills; however, they often implement elements of other functions, such as knowledge input into curriculum development. Engagement with inputs or management of resources features in fewer cases. The resource-oriented PPP pilots an innovative mechanism of public–private financing, while providing a personalised service to match skilled unemployed people with jobs. The knowledge-oriented PPP focuses on the systematic collection and elaboration of data on the needs for skills and occupational profiles at the national level.

Similarly, the 13 PPP cases in country group 2 are mostly of the skills provision type. Even if mainly oriented towards skills provision, five PPPs engage in knowledge inputs and in improving facilities, and thus have a mixed character. There are two purely resource-oriented and two knowledge-oriented PPPs in this country group, which may signal an interest and ability on the part of private partners to cooperate on both the hardware and software dimensions of skills, which is an avenue to be explored further.

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<sup>9</sup> A first draft of Section 3.3 was written by Donatas Pocius, PPMI.

These functional families can help us move towards an outcome-oriented definition of PPPs in the skills domain. They are similar in the two country groups, and hence are not decisive in distinguishing PPPs that rely on a consolidated social dialogue tradition from those that have no such background.

## Scope and integration with the VET system

The permeating type of PPPs are found in the countries with a strong dual model of VET. In these cases, the term public–private partnership may be reductive since partnership is an intrinsic characteristic of the entire system and more similar to a paradigm than to an instrument or an implementation modality that may or may not be used. The dual VET system, which is highly developed in Germany, Denmark<sup>10</sup> and the Netherlands, is difficult to replicate in other countries. Therefore, for comparability purposes, this study singled out a specific component of the dual VET system as a unit of analysis. The knowledge-oriented PPP case in Italy has evolved over time into a permeating skills information system.

Three cases in country group 1 have the potential to achieve system-level scale in the future. The delegated management of VET centres in Morocco, for example, features structural cooperation with sectoral organisations that could become a model for the national VET system. This PPP covers curriculum development, teacher and trainer recruitment and VET provision, in addition to the overall management of the colleges. The other four PPP cases operate within a confined area of work. These PPPs, having few prospects of achieving system-wide integration, are of the ad hoc type.

No examples of permeating PPPs were found in the four countries with emerging cooperation practices. So far, in country group 2 there have been no situations where the concept of partnership is both an instrument and a feature of the entire VET system. At the same time, new VET laws in Serbia and Ukraine share this ambition in the medium term: in Serbia the law establishes cooperative or dual education as the desired mode in secondary VET; in Ukraine, it enshrines PPP as a guiding principle in the VET system. The cases of the sector skills teams in Jordan and the E2E project in Serbia point to a strategic approach that, in their respective ways, may influence the national VET system.

The scope of the PPPs may make little contribution to a revised definition, in fact infrastructure-oriented PPPs may also have a narrow or system-wide scale. On the contrary, within the case studies this dimension matches the differentiation between the two country groups, as if a long-standing practice of social dialogue in VET was a significant factor in the scale and integration of the PPPs in VET.

## Membership modalities

Most of the PPPs in country group 1 involve a wide range of partners. The diversity of the members depends on the content of the work, for example NGOs take part in PPPs that contain a social dimension. The partnerships in the 10 cases are generally open for new members to join. The sector-specificity is important here and hence sector organisations can play a role, as in Norway, Morocco, France and Germany. New bodies created to amplify the effects of the collaboration become a reference for the PPPs, as can be seen, for example, in the oil sector apprenticeships body in Norway and the multiplier spin-off Katapult in the Netherlands.

The membership modalities in half of the case studies in country group 2 are open to various actors, such as NGOs, social partners, business development agencies and chambers of commerce, in addition to the usual businesses, VET providers and public authorities. Conversely, it would be difficult to expand the three closed PPPs and the few single public-single private partner collaborations. The

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<sup>10</sup> The case studies identified in Denmark during the mapping phase were not retained in the final case study selection.

closed PPPs include Kazakhmys corporate college in Kazakhstan and the delegated management of workshops in Jordan. In the former case, its closed aspect is the result of the strength of the VET college, which in this case is also the private partner. The creation of PPP-related organisations is also an option in group 2, specifically for the sector skills councils in Jordan and the management council of the German Agribusiness Centre in Kazakhstan.

The experience of PPP membership modalities is analogous in the two country groups, thus there is no evidence of this dimension being influenced by any prior tradition of public–private cooperation in VET. However, the membership modalities can help in revisiting the PPP definition, in particular the openness to new members, as this marks a difference from the partnerships which are regulated via a contractual agreement (see Chapter 1) that in principle stipulates pre-defined partners.

Tables 3.1 and 3.2 offer an overview of the PPPs, with their dimensions, conditions and the roles of the involved partners in their governance. [Table 3.1](#) reports the characteristics of the PPPs in the countries of group 1 and [Table 3.2](#) summarises the characteristics found in Jordan, Kazakhstan, Serbia and Ukraine.



**TABLE 3.1 CASE STUDIES OF PUBLIC–PRIVATE PARTNERSHIPS FOR SKILLS DEVELOPMENT – COMPARATIVE TABLE**

Analysed dimensions  Country PPP case	Functional type	Conceptualisation	Legislation	Formal base	Level of integration in VET system	Initiator	Types and number of partners Open/Semi-open/Closed	Motivation		Investments/financing	Share of risks		
Italy National skills and occupations information system	Knowledge-oriented	Started as a project, it became strongly conceptualised	By-laws	Government decree	Permeating the system	Public	Closed Ministry of Labour and Social Policy, chambers of commerce and their members, statistical authorities	Public	Labour market statistics on skills, occupational profiles and recruitment needs for effective planning and development of VET	Main financing	Public: due to their funding		
								Private				Partial via chamber of commerce financing	Private: institutional reputation, usability of data
								Donors					
The Netherlands Public–private partnership in VET and higher professional education	VET provision- and resource-oriented, with elements of knowledge-oriented	Strongly conceptualised according with the legislation	WEB Act	Agreement between VET institution and private company	Entirely permeating the system	Private	Open Businesses, public VET colleges, regional authorities	Public	Increase the number of technical students and enhance educational innovation in context of regional development; innovate the practice of professions and production processes; encourage lifelong learning	Regional Investment Fund	Public: due to their funding		
								Private		At least 25% of the entire funding			
								Donors					

Norway Education Office of Oil- related Trades (OOF)	VET provision- oriented	Conceptualised within the case only	VET law; national law applies	OOF membership agreement	Ad hoc	Private	Semi-open (open within the sector only) VET providers (colleges), businesses A specific organisation is created as part of the collaboration	Public	Ensure relevance (content and number of trainees) and quality of VET	Grants (considerable amount)	Private and public due to their investments	
								Private		Entrance and membership fee to OOF (limited amount) + students' fees		
								Donors				
Morocco Delegated management of VET centres	VET provision- and resource- oriented	Strongly conceptualised according with the legislation	Law on Education and Law on Delegated Manage- ment of Public Services	Long-term contracts between state and manage- ment companies set up specifically for this purpose	Elements of permeating system	Public	Open Employer associations, businesses, VET colleges	Public	Boost the competitiveness and economic growth of the country	Co-financing via grants	Private and public due to their investments	
								Private		Ensure qualified labour force + tuition fee collected from VET students		Principal financing
								Donors				
Israel Amal Educational Network	VET provision- oriented	Not formally conceptualised but other examples of educational networks are present	Ministerial directives	Agreements between municipali- ties and Amal's manage- ment	Ad hoc	Civil society (trade unions)	Open VET colleges, secondary general schools, businesses, public authorities (local, national), other types of organisations (NGO, kindergarten)	Public	Regional and national development through higher quality and better relevance of education	Principal financing	None	
								Private		Mainly social responsibility		
								Donors				Society: donations

Australia School Industry Partnerships	VET provision-oriented with some elements of resource-oriented	Conceptualised at system level	VET/ education law and related laws and by-laws	Contract between the government and a private company	Ad hoc	Public	Closed Businesses, VET providers, industry skills body (Construction Skills Queensland)	Public	Ensure relevance and quality of VET	Full financing	Public due to their funding
								Private	Paid service provision		
								Donors			
France Campuses of professions and qualifications	Mainly VET provision-oriented with strong elements of resource- and knowledge-oriented	Strongly conceptualised according to legislation	Law on Rebuilding the School	A status awarded by a special committee involving a wide range of stakeholders	Elements of permeating system	Public	Open Businesses, public VET colleges, universities, research centres, other organisations, national and regional authorities	Public	Enhancing vocational education, as a tool for recovering the productivity of the country	National and regional levels – 80% of funding + national grants for development	Private and public due to their investments
								Private		Financial and in-kind	
								Donors			
Sweden Teknikcollege	Mainly VET provision-oriented with elements of resource- and knowledge-oriented	Conceptualised within the case only	None	Agreements between the regional consortia members and the National Society Teknik-college Sweden	Elements of permeating system	Private	Open Businesses, public VET colleges, regional authorities	Public	High quality education is considered as a driver for regional and national development	Municipal and regional, VET colleges	Private and public: more or less equally shared and balanced
								Private	Secure future qualified labour force	Financial and in-kind	
								Donors			

Germany Gesamtmetall	VET provision-, knowledge- and resource-oriented	Fully conceptualised with long-term traditions	A set of federal and regional laws	Bilateral contracts	Entirely permeating the system	Government and private sector	Open Businesses, public VET colleges, national authorities	Public	High importance of highly skilled workers	Funding of school-based VET provision	Private, due to their investments in organisation of practical training at enterprises
								Private	Secure future qualified labour force	In-kind + students' fees	
								Donors			
Belgium Duo for a Job programme	Resource-oriented, with elements of provision- and knowledge-oriented	Concept of 'social impact bond' (new for the country)	General national legislation	Contract between the Employment Agency, investor and implementing (service provider) agent	Ad hoc	Public and civil society	Closed Public authority, private investing company, SCO	Public	Immersion of young migrants in the local culture via employment solutions	Main financing	Private and public due to their investments
								Private	Return of investment (interest rate)	Main financing	
								Donors			

Source: Elaborated by A. Avagyan and S. Taurelli based on the case studies assessment (Volume II of this publication).

**TABLE3.2 CASE STUDIES OF PUBLIC–PRIVATE PARTNERSHIPS FOR SKILLS DEVELOPMENT – JORDAN, KAZAKHSTAN, SERBIA AND UKRAINE**

Analysed dimensions  Country PPP case	Functional type	Conceptualisation	Legislation	Formal base	Level of integration in VET system	Initiators	Types and number of partners Open/Semi-open/Closed	Motivation		Investments/financing	Share of risks	
Jordan Sector skills councils	Knowledge-oriented	Non-formal: only developed by donors	Emerging	Decision of the Employment and Technical and Vocational Education and Training (E-TVET) Council	Ad hoc with intention to become systemic	Donors	Open Businesses, public authorities, donors	Public	Not proven		Donors, due to their investments in establishment of sector skills councils	
								Private	Poor			
								Donors	Developing country's economy via improved labour force			Yes
Jordan Centres of excellence	Resource- and VET provision-oriented	Conceptual Framework for Developing Model Skill Centres of Excellence	Emerging	Memorandum of Understanding	Ad hoc with intention to be made systemic	Government	Semi-open Businesses, public authorities, public VET colleges, employer association, donors	Public	Improved facilities of VET institution and higher quality of education provision		Donors, due to their investments in establishment of centres of excellence	
								Private	Labour force demand			
								Donors				Yes
Jordan Delegated management of workshops	Resource- and VET provision-oriented	None	None	Memorandum on Cooperation	Ad hoc, limited within the selected sectors	Government	Closed Chamber of commerce, public authorities, public VET colleges	Public	Improved facilities of the workshops		None	
								Private	Undefined			Limited
								Donors				

Kazakhstan Trust management	Resource-oriented	Not formalised but strong	Law on State Property and Regulations	Contract between the regional authority and the trustee	Ad hoc	Government and regions authorities	Closed Businesses, public VET colleges, national and regional authorities	Public	Improved facilities of VET institution, higher quality of education provision and ease of financial burden	Salaries	Private, due to their investments
								Private	Labour force demand + commercial interest (opportunities for income generation)	Running costs and development investments	Public, due to possible failure of trust management and worsening college conditions
								Donors			
Kazakhstan Dual education	VET provision-oriented	Conceptualised by the State Programme of Education Development	Law on Education	Agreement between VET institution, private partner and student	Ad hoc	Public	Closed Businesses, private VET colleges, public authorities	Public	Improved relevance of the learning outcomes (specifically practical skills) to the requirements of employers	Principal	Private, due to their investments in organisation of practical training at enterprises
								Private	Labour force demand	In-kind	
								Donors			
Kazakhstan Dormitories and catering	Resource-oriented	Emerging	Law on PPP	Contract between the government and the private partner	Ad hoc	Regions authorities	Open Businesses, national authorities	Public	Higher quality of services	Compensation of private investments	Private, due to their investments
								Private	Commercial interest	Initial investments	
								Donors			



Serbia Institute of Field and Vegetable Crops	Production-oriented with elements of training-oriented	None	None	Contract between the public and private partners	Ad hoc	Public	Open Businesses, state-owned enterprise (institute)	Public	Procurement of quality goods	Remuneration of production and provision of training	Shared public and private
								Private	Production for additional income	Initial investments	
								Donors			
Serbia Education to Employment 'E2E'	Knowledge - and VET provision-oriented	Expected upon entering in force of the Law on Dual Education	Emerging (Law on Dual Education)	Contract between a mediator company authorised by the donor and a private company	Elements of permeating system	Public	Open VET schools, businesses, public authorities (local and national levels), donors, civil society organisations	Public	Improvement of youth employability (the state) and provision of paid training services (public training providers)		Private, due to their investments in the organisation of practical training at enterprises
								Private	Labour force demand (companies) and provision of paid training services (private training providers)	In-kind + students' fees	
								Donors		Students' fees + other expenses	
Serbia Cluster FACTS	VET provision-, resource- and knowledge-oriented + a number of other services	Expected upon entering in force of the Law on Dual Education	Emerging (Law on Dual Education)	Memorandum on Cooperation	Ad hoc	Private	Semi-open Businesses, public VET providers, a variety of other partners (not members) A specific organisation (cluster) created as a result of collaboration	Public	Improved relevance of the learning outcomes (specifically practical skills) to the requirements of employers		Private, due to their investments in organisation of practical training at the companies
								Private	Labour force demand	Principal financing	
								Donors		Limited investments	

Serbia HORES Academy	VET provision-, knowledge- and resource-oriented	Non-formal	Law on Adult Education	Agreement signed between the involved parties	Elements of permeating system	Private sector	Semi-open (open within the sector only) Businesses, public VET colleges	Public	Labour force demand		Mainly private, shared with public to a limited extent	
								Private		Principal financing		
								Donors		Limited investments		
Ukraine Training-practical centres	Resource- and VET provision-oriented	Conceptualised by the government Decision on Modern Vocational Education 2027	Regulation approved by Ministerial Order	Memoranda between the ministry and the private partner Tripartite agreement between the VET institution, private partners and students	Elements of permeating the system	Private	Open Businesses, public VET colleges, national authorities	Public	Improve training quality	Partial (VET institutions)	Private, due to their investments	
								Private	Mainly promotion of own product	Principal		
								Donors		Some specific cases		
Ukraine Internships at enterprises	Mainly VET provision-oriented with elements of resource- and knowledge-oriented	Conceptualised as mandatory component of any VET curricula Concept on Dual Education	Regulated by a number of legal acts	Agreement between VET institution and private partners	Entirely permeating the system	Joint (public and private)	Open Businesses, public VET colleges	Public	Requirement of curricula		Private, due to their investments in organisation of practical training at enterprises	
								Private	Labour force demand	In-kind + students' fees		
								Donors				
Ukraine Participation in Education content development	Knowledge-oriented	Non-formal	None	Formally established work groups	Elements of permeating system	Public	Open Businesses, national authorities	Public	Relevance of the education content to the labour market needs		Public and private due to their in-kind investments	
								Private		In-kind		
								Donors				

Source: Elaborated by A. Avagyan and S. Taurelli based on the case studies assessment (Volume II of this publication).

## 3.2 Governance of the PPPs

### Legal arrangements

The case studies from countries with long-established cooperation show that VET laws are adequate legal frameworks to govern the PPPs. In these examples there was no need to resort to PPP laws to operationalise cooperation mechanisms in the skills field. In general, no legal gaps were found throughout the case studies. The types of contracts that regulate the partnerships were mainly memoranda of understanding and simple fixed- or long-term contracts, but also included pledges and commitments signed by the various partners. The initial mapping showed that there are examples of partnerships happening without any contract, based purely on trust.

Similarly, the four countries of the second group regulated their PPPs mainly through VET laws and regulations. A notable exception is the model of trust management in VET colleges in Kazakhstan to which the PPP law applies. This has an impact on the way that the PPP is organised, notably the private partner selection process was formalised and launched via a public tender procedure. This selection method, while sound from the procedural point of view, was not well regarded by the interviewed stakeholders who questioned whether a partner knowledgeable in VET would be selected. A difference noted in cases from the countries with a long-standing tradition of cooperation is that the legal frameworks are not always well developed, and at times this creates uncertainty. According to various interviewees, the legal uncertainties are due to slow-reacting legislative systems.

In terms of agreements that formalise the collaboration between the parties, simple fixed- or long-term contracts and memoranda of understanding were found to be predominant, a situation that is similar in both country groups. In contrast, however, pledges or commitments are not used and there are no examples of trust-based relationships without formal agreements. The E2E project in Serbia is the only case that uses performance-based contracts between the project management team and the business development centres involved in the implementation. This practice is unique across all 14 countries.

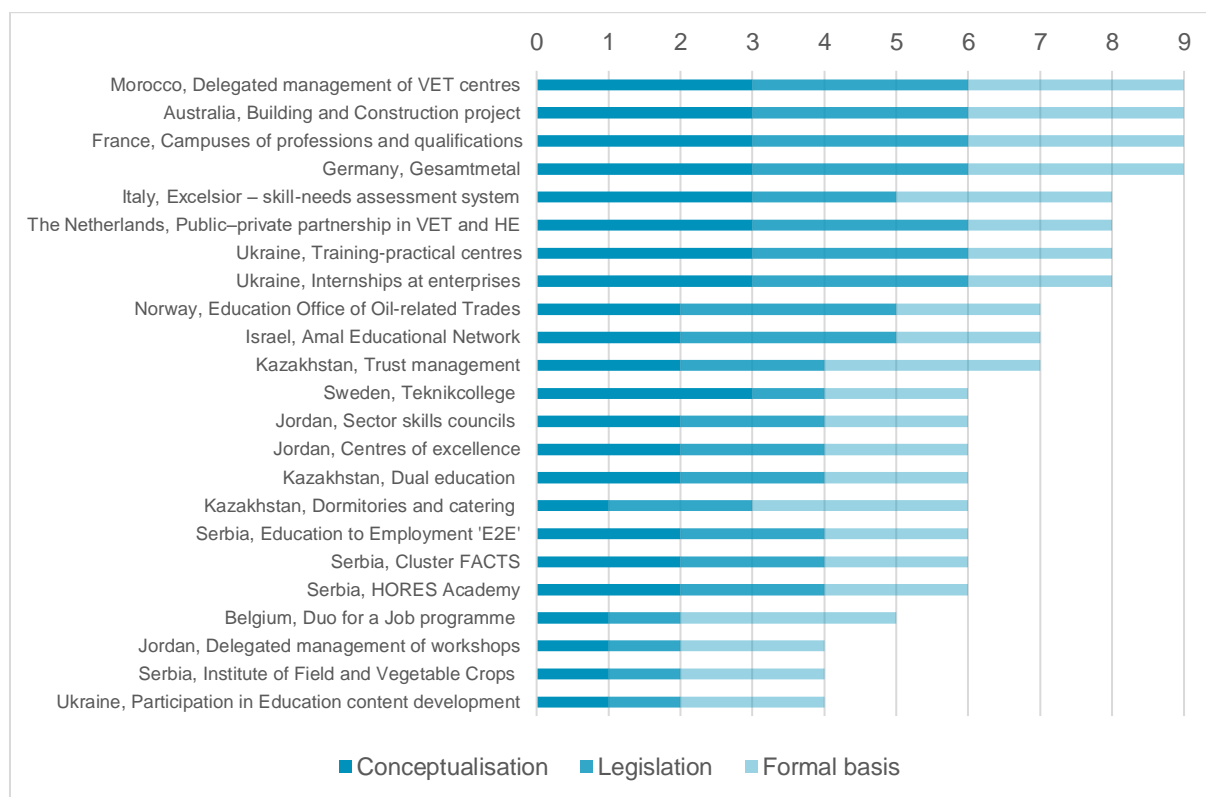
In addition to the enabling legal framework and formal arrangements between the partners, the ETF also considered the conceptualisation of PPP, that is, whether the concept behind the joint endeavour or project that the PPP realises has been formulated and communicated. Tables 3.1 and 3.2 summarise the type of conceptualisation for each case study. The conceptualisation is high if key elements such as purpose, beneficiaries, intended outcomes and implementation strategy are consistent with the skills policy and are binding for the stakeholders, even if the PPP project is small in scale.

**Figure 3.1** represents the PPPs' level of institutionalisation in terms of the three featured characteristics, namely the PPP's conceptualisation, the legislation that frames it and the formal agreement that binds the partners. All the scores given for the PPP characteristics highlighted in the figures in this chapter relate to the assessment of the case studies made in Volume II.

As anticipated, the PPP cases in country group 1 show no gaps in the legal framework and formal cooperation, hence they operate in an environment with little or no uncertainty. The PPPs in country group 2 show a looser level of conceptualisation, relying on the VET law with no dedicated regulations, and are formalised through memoranda or agreements rather than contracts. There are two notable exceptions: the institutionalisation of the Belgian PPP case is low, while two out of three PPPs in Ukraine are highly institutionalised. The former case is an innovative experiment in impact financing for the field of employment services for skilled youth, which was implemented despite there being no legislation as yet on impact financing in Belgium. The latter two cases are in-company training centres and internships backed by a certain legal basis, which signals a favourable regulatory

environment for PPPs in VET and, in this dimension, approximates these case studies to those in the countries of group 1.

**FIGURE 3.1 PPP INSTITUTIONALISATION LEVELS, DIFFERENCES BETWEEN PPP CASES AND COUNTRIES**



Source: Elaborated by S. Taurelli based on the case studies assessment (Volume II of this publication).

## Financial arrangements

The 10 countries in group 1 allocate significant public budgets to their PPPs, whether from national, regional or local budgets. Programmes that incentivise the development of PPPs via co-funding are common and use different funding mechanisms, for example some are based on competitive principles and feature calls for submissions and public tenders, while others are linked to fiscal incentives such as tax deductions, loans and training funds. However, the interviewed informants underlined that good will and a perception of usefulness on the part of the companies are key motives for attracting private partners, even more so than financial incentives.

The four countries of group 2 differ from those in group 1 with regard to the availability of state, national or sub-national, funding. Only rare examples such as the E2E project in Serbia and a donor-sponsored project in the sanitation sector in Ukraine received direct public support. By contrast, VET providers' own budgets were used in a number of cases, whereas this is rarely seen in the countries with backgrounds of consolidated cooperation in VET. Yet another difference is in donor funding, which plays a significant role in Jordan and Serbia and a more limited one in Ukraine and Kazakhstan. The funding models have their own implications. Donor support helps projects to take off through providing financial and expertise resources, but sustainability is often questionable. Meanwhile, PPPs funded by VET providers usually have greater autonomy, although, at the same time, this may signify the weakness of the public sector in supporting these collaborations.

The way funds are used on the public partner side in these countries also differs from the projects in group 1. VET providers with budget autonomy can make decisions on the use and distribution of their own funds. No competitive mechanisms were found in any of the PPP cases in these four countries. In

group 2 the methods for ensuring private co-funding or the types of incentives employed to attract private investment were often based on direct financial gain – again a difference. This approach can be noted in the college trust management case and Kazakhmys corporate college in Kazakhstan, which in fact referred to classic PPP law. In the first country group, the training centre management in Morocco came closest to this practice. Direct financial earning was also found at the Institute of Field and Vegetable Crops in Serbia – here however the returns feed into the Institute’s research activities, which is public research, and hence this case forms a unique category on its own. The reliance on good will and the perception of benefits by the private partner is present in this group, but is not as widespread as in the 10 countries of group 1. This may indicate a lower level of motivation and less trust in private partners in country group 2.

In summary, the interplay between public and private funding is an element worth considering in formulating a new definition of PPPs for skills development. In fact, the range of financing methods for PPPs in VET is wider here than in traditional PPPs; plus, the motivation for the private sector to engage in skills development goes beyond the financial returns set in a contract. In addition, the financing arrangements seem to confirm the partition into country groups: on the one hand, accessibility to multiple financing methods is characteristic of the projects in group 1; on the other, the private partners seem to be more active in contributing funds in group 2 countries. At this stage, possible explanations can only be formulated in terms of hypotheses, including, for example: the different negotiation capacities of the private sector actors in the two country groups; legislative slowness; private parties’ various levels of motivation depending on the intensity of skills shortages; and/or different degrees of technical knowledge regarding the implementation of financing incentives. Further research could shed more light on the role of financing mechanisms in the PPPs for skills development.

## Risks and their management

### Who takes the risks?

Working in a context where there is a long tradition of cooperation seems to lead to a balancing of the risks between the public and private parties, since risk sharing was observed in six out of ten cases in group 1. Where one side carries more risk, this is more often the public party. Risk management measures are widespread; they include strict monitoring systems, performance-based contracts, indirect collection of contributions, and specifically designed fund-sharing mechanisms. An example of a performance-based contract is seen in the E2E project in Serbia, while demand-led financing is linked to the fees paid by end-users in the case of the delegated management of VET centres in Morocco.

The risks were borne by the private sector in seven out of 13 cases in country group 2. This was consistent with the observation that in these countries PPPs are often initiated by the private sector – yet it remains a significant finding. In other cases, the risks were either shared between the two sides or carried by donor organisations.

The perceived risks for the PPPs in VET go beyond the financial dimension and include shortages of human capital and poor-quality skills. This represents a significant difference between the skills domain and the concept of PPPs in infrastructure projects.

### Risk management: monitoring, follow-up and sustainability

Well-developed PPPs almost always conduct regular monitoring. In some cases, evaluative approaches are in place, including, for example, auditing procedures where the PPP was created as the result of a competitive process, as in the Netherlands. Control mechanisms may be more or less stringent; however, they are usually present and aim to establish adjustment measures that will lead to improvements and lesson learning. The successful PPPs rarely had observable sustainability plans.

This can be explained by the absence of foreseeable risks of discontinuity, considering their experience of long-term collaboration.

The application of monitoring and evaluation procedures in countries with a relatively short history of cooperation lags behind the others. In these countries, only donor-supported PPP endeavours have plans for carrying out monitoring or follow-up measures. In Serbia, the E2E project managers apply a strict but innovative monitoring system. It is worth noting that a lack of monitoring endangers the partnership's sustainability; with no clear way to account for the progress made and to take stock of tangible results, there is no evidence to support the achievements and benefits of the collaboration.

Many projects in countries with a recent tradition of collaboration had sustainability plans; however, these plans were sometimes based on untested assumptions and uncertain in nature or incomplete. This points to an area for improvement, particularly for time-bound PPPs, for example those with donor involvement. The interviews shed light on cases of good collaboration that had dissolved when the donor support came to an end.

The modes of managing risks differ among the case studies and between the two country groups, in a way that mirrors the differences of the financing arrangements.

### Source of initiative and leadership

While the participation of a wide range of partners can be observed in the case studies, as discussed earlier public authorities are very often the source of initiative in the 10 countries with more experience in this area.

The state or regional authorities were also the source of initiative among the PPP cases in the other country group, sometimes with the additional input of a public donor organisation. Importantly, however, VET providers were the initiators in several cases, which may point to innovative practice at the institution level and/or to their autonomous initiative being driven by a lack of other opportunities. One significant difference that can be observed is that Serbia and Ukraine lean more towards private sector initiatives compared to Jordan and Kazakhstan.

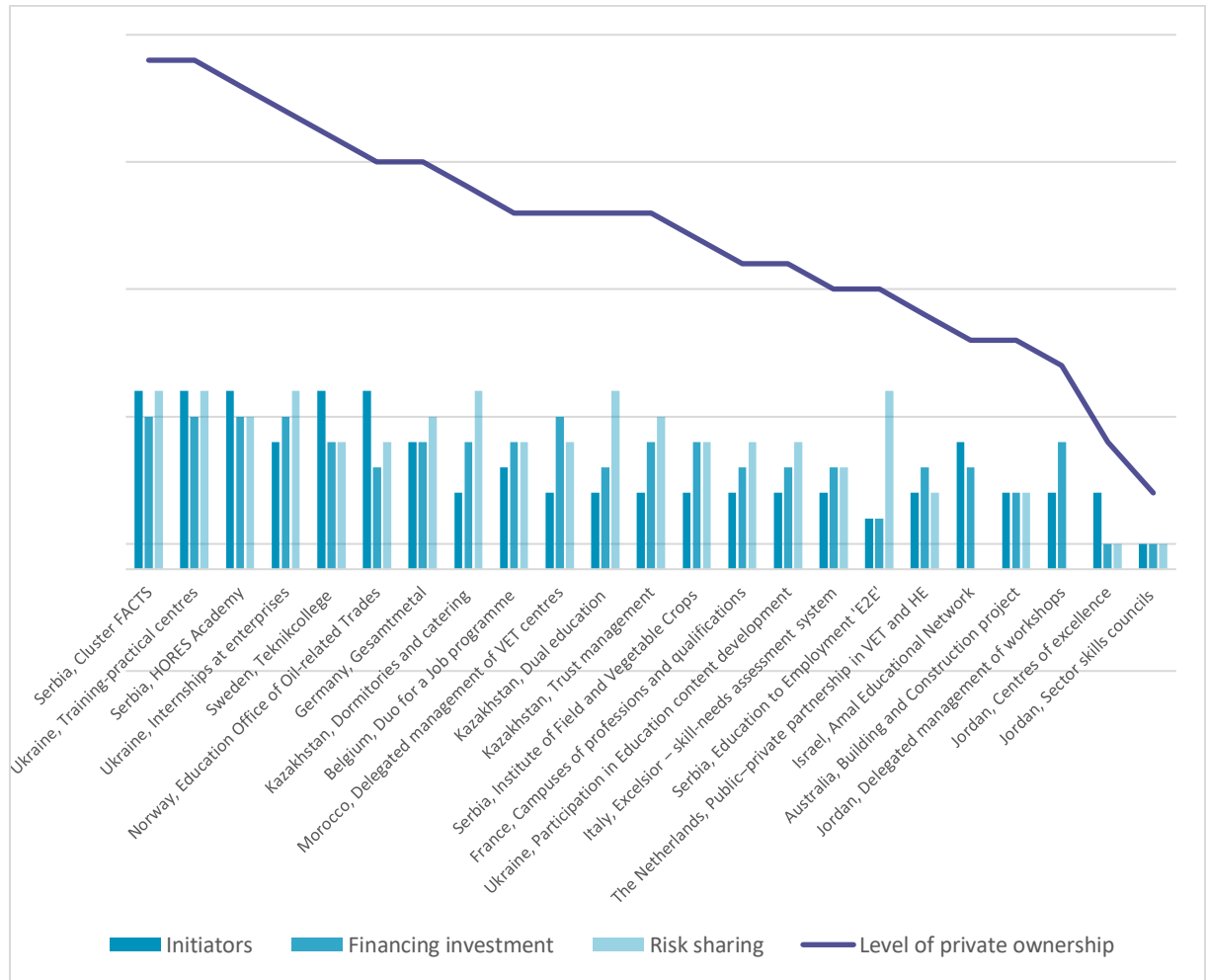
Figure 3.2 focuses on the actors' roles and responsibilities by bringing together three dimensions: the PPP's initiating actor; participation in the PPP's co-financing; and the management of risk. The diagram illustrates the earlier discussion on public versus private partners' initiative in setting up the PPPs. On the left side of the figure, the first four bars depict the case studies in Serbia and Ukraine, which feature a level of private partner engagement that is as high as in the case studies of country group 1. The continuous line synthesises the extent of private sector ownership among the 23 PPP cases in the ETF study.

### Social partnership in VET

We conceptualised the current stage of cooperation in the field of VET in country group 2 as one of the emerging practices of social partnership. In the ETF expert workshop held in 2016, 10 operational conclusions and recommendations highlighted that engaging in cooperation has beneficial effects in terms of learning-by-doing and trust building, and is a progressive, step-by-step approach that can lead to sustainable and effective social dialogue in VET (ETF, 2016). In his discussion paper, Oomsel (2016) further analysed the workshop's recommendations from the perspectives of governance and inter-institutional trust, following Bouckaert's logic of public governance that identifies five complementary governance dimensions, from the organisation up to the systemic level, that should be taken into account if policy initiatives are to be effective and sustainable (Bouckaert, 2015).



**FIGURE 3.2 ROLE OF THE ACTORS IN THE PPP CASE STUDIES AND PRIVATE-SECTOR OWNERSHIP**



Source: Elaborated by S. Taurelli based on the case studies assessment (Volume II of this publication).

The PPPs in country group 2 are significant examples of the learning-by-doing and trust building practices found in VET. On the one hand these PPPs lack the institutionalisation level found in country group 1, which, according to the study hypothesis, came about due to the history of collaborations, negotiated solutions, successes and lessons learned that were woven into social partnership at the VET system level. On the other hand, the group 2 PPPs are shaping the form and language of public-private cooperation, which may support future institutionalisation if policy initiatives are taken.

The potential path from institutionalised PPPs to social dialogue in VET, however, may be comparable with, but is not identical to, that experienced in the countries of group 1. Together with perceived skills shortages as the initial motive for the cooperation, there have been other drivers with long-term economic effects, such as the financial crisis of the 2010s, the Covid-19 pandemic 10 years later, and the influence of digitisation and climate change, that run in parallel and mobilise political and economic solutions likely to transform the modes of production and in turn the labour market. The current landscape is different from that which forged VET social partnerships in country group 1. The circumstances of social dialogue crisis and labour market liberalisation evoked in Chapter 1 have had an effect on the skills field too. Notably, economic restructuring and the emergence of large areas of precarious and unprotected work have reduced the amount of, and polarised access to, skills development opportunities.

Social dialogue in VET will require adjustments, while alongside the recognised social partners other civil society actors should also be involved. At the same time, the internationalisation of education and human capital development policies open the way for the additional influence of actors and bodies of international relevance. In response to the crisis, in 2017 the EU adopted the European Pillar of Social Rights where enhanced social dialogue is also seen as important to realise lifelong learning for all, among others. The European Skills Agenda in 2020 further nurtures the nexus between strengthened social dialogue and skills development, and recommends the mobilisation of resources on both the public and private sides.

These trends and responses can be a source of policy innovation in the countries that are currently shaping their own path to social dialogue in VET. For example, at sector level, where employer organisations are generally better structured in terms of skills needs identification and strong cooperative arrangements could be observed, notably in Serbia and even more so in Ukraine. At this stage, the results are mixed, including in Ukraine where cooperation has been ongoing for a relatively long time; but the environment is fertile for lesson learning and innovation.

## Capacity

In the countries with a strong public–private tradition, actors' capacity to engage in and manage PPPs for skills is high. This is not surprising given their well-established patterns of institutionalisation, in addition to the presence and clear role of public and private capital. The areas of capacity that several informants underlined as strengths include: management of the public–private relationship; project and financial management; knowledge with regard to the sector and its prospects; technical competence in the relevant sector of activity; and an understanding of skills needs and development.

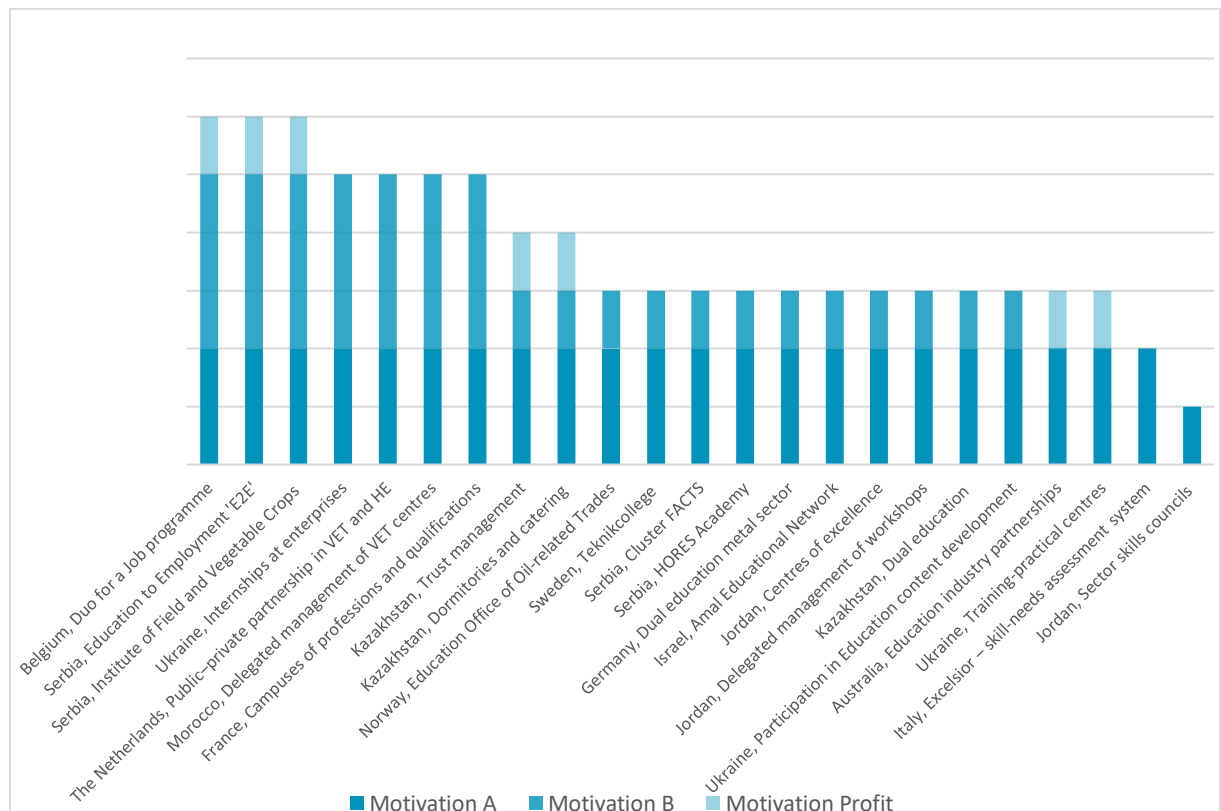
In countries with an emerging practice of public–private cooperation, among other key aspects of PPP the research found evidence of good capacity indicators in the areas of managing dialogue among the partners, designing relevant learning content, innovative problem-solving and fund raising. This evidence of progress confirmed that the capacity to engage in productive dialogue and partnership builds on practice and, often, on lessons learned from failed experiences. Some interviewees were of the opinion that capacity within the analysed PPPs was an issue; at the same time, there were no examples of planned capacity-building measures to mitigate the highlighted weaknesses.

## Motivation

The study found that the motivation of the actors is a key factor for entering into a partnership aimed at skills development. The legal provisions and financial incentives are important elements, but without motivation PPPs are not initiated or sustainable. The data in [Figure 3.3](#) break down the motivations of the actors engaged in the PPP case studies. The motivation for developing good-quality skills for businesses and securing employees is horizontal across all case studies (Motivation A). In almost all cases there is a second layer of motivation, represented by the striving to innovate and experiment, to anticipate needs, to maintain competitiveness in the long term, and/or to respond to social inclusion concerns (Motivation B). In seven cases, the addition of extra motivations signals a strong drive behind the PPP. In certain projects, an element of profit-making, as seen in the presence of a partial financial return in the short-term or a long-term plan, adds another level of motivation.

It is interesting to note that there is no neat separation between the country groups with respect to the motivations that support the case studies. Thus, motivation is a common basis and an element that should contribute to re-defining the PPP concept in the skills domain.

**FIGURE 3.3 ACTORS' MOTIVATION – A COMMON BASIS IN THE PPP CASE STUDIES**



Source: Elaborated by S. Taurelli based on the case studies assessment (Volume II of this publication).

### 3.3 Potential positive impacts of PPPs in the skills domain

One motive for the selection of the case studies was to reflect PPPs' diversity and the various applications that this instrument can have in the field of skills development. However, in terms of assessing their impact, this diversity represents a challenge. PPP frameworks and their impacts are often context-specific, which cautions against making generalisations. This section thus identifies areas of potential impact rather than accounting for the known positive and negative effects of each individual PPP.

#### VET governance

From the perspective of VET system governance, this study sheds light on the status of PPPs for skills development as both an active player and as a process in the complex settings and interrelations of VET governance. PPPs can be seen as actors because they are one of the mechanisms that operationalise in practice the collaborative relationship between the public and private sector. They formalise cooperation and make it manifest, although this formalisation can be harder or softer depending on the context, as seen earlier in this chapter and in Chapter 2. PPPs are also a process of VET governance: partners that are motivated to cooperate on a common endeavour formalise their agreement, and in so doing create a new space for action that did not exist before. Having such a formalised agreement and space for action communicates to other players in the system that the collaboration is in place. This has an influence on the network of interrelations; it can lead to higher-level collaborative processes and eventually encourage the initiation of more social partnership processes. Thus, PPPs have the potential to impact on VET governance from the level of the organisations up to the system level. What follows here are a number of factual elements that emerged from the case studies, whereas a specific reflection on PPPs and VET governance is found in Chapter 4.

First, PPPs enable stakeholders to engage in VET and make VET-related decisions. In the process of cooperation, stakeholders enhance their knowledge of skills dynamics, become skilled in negotiating, design and implement joint actions, attract funds to common projects and learn lessons. Second, by practising cooperation, public and private partners gain commitment, build trust and find ways to work together at different levels, thereby increasing the chances of establishing social dialogue in VET. Third, the creation of new bodies to coordinate PPPs has consequences for inter-institutional coordination and communication. Fourth, there are cases of new bodies that have a PPP format themselves, and have national, sub-national or sectoral relevance. Fifth, all the previous elements bring about shifts in responsibility, empower new stakeholders or affect the balance of power among existing stakeholders.

## Innovation in VET

PPPs for skills development can spur innovation in vocational and higher professional skills policy and delivery. According to OECD's research, educational innovation refers to a change that is intended to improve the provision of education in one way or another, while it usually takes time to find out with some level of certainty whether specific innovations are improvements or not (Vincent-Lancrin et al., 2019). Perceptions of innovation in education can vary across countries, depending for example on their VET system, its perceived needs or actors' expectations. Even the very principle of involving the private sector in VET provision can appear innovative in countries with a recent history of this type of collaboration.

The analysis of the case studies in the two country groups shows that PPPs on skills can steer innovation in the following ways:

### Innovative forms of collaboration

PPPs establish spaces where experimentation is possible, including shaping innovative forms of collaboration on the ground. Among the emerging cooperation experiences, the cases in Serbia are illustrative of this type of innovation: the E2E project concerns a multi-level network for improving non-formal training; FACTS includes education providers in the sectoral business cluster; and NS SEME is an unusual arrangement of training provided to private service providers by the public sector for quality assurance purposes. Similarly, the German Agricultural Business Centre in Kazakhstan offers an interesting example of an association promoting the products of its member companies to farmers through training, while also fostering the engagement of public college students.

### Innovative financial arrangements

The countries in group 1 demonstrate innovative financial arrangements for cost-sharing, efficiency and risk distribution in VET. Various cost-sharing mechanisms have led to an increased ownership of skills on the part of employers and, as a result, have improved accessibility to VET. Among other examples, levy-based training funds can be used to finance initial and continuing VET programmes. Since there is consolidated international practice in this field, these schemes are available as a source of learning in countries where, until now, they have rarely been implemented. Impact financing mechanisms are in their testing phase at all latitudes, and the case study of Belgium demonstrates that impact investing can apply to PPPs in VET and employment-related services.

### Innovative content

Ensuring enhanced access to technological advances for skills development purposes is a challenge that PPPs may help to address. To this end, the Entrepreneurship Centre at the Hadera Multi-disciplinary School provides access to up-to-date technology. In another example, Cluster FACTS in Serbia cooperated with public providers on new courses at the post-secondary level to meet the changed demands in the fashion sector. The centres of excellence in the Netherlands also deserve a specific mention and will be commented on in Chapter 4.

## Accessibility to skills and employment

PPPs can address social inclusion issues provided this purpose is embedded in the partnership's design. The most illustrative cases are the Duo for a Job programme in Belgium – an innovative partnership with a not-for-profit partner addressing unemployed youth with an immigrant background – and the E2E project in Serbia – which targets vulnerable young people in underdeveloped regions.

## Transition from school to employment and continuing training

PPPs can help to build bridges between the world of work and VET providers. They support the alignment between VET provision and labour market needs through various means: the blending of school- and work-based learning; career guidance and orientation services; employer input into occupational, qualification and assessment standards; the development of curricula and individual programmes; and the provision of continuing training. Such contributions to skills matching are particularly important in fields that are subject to skill shortages as well as in newly emerging sectors. The campuses of professions and qualifications in France are a relevant case in that they cater for both initial and continuing skills development. Company internships and donor-sponsored engagement in Ukraine, centres of excellence in Jordan and the HORES Academy in Serbia are also relevant in this regard.

## Limitations of positive impact in informal economies

While PPPs have a good potential for building quality, the accessibility of skills development opportunities in informal economy contexts poses significant barriers to the formation and implementation of PPPs. Companies that operate in the informal economy are typically excluded from formal channels of communication between state organisations and employers, where strategies and cooperation instruments are discussed. Informal economies also suggest a risk of exploitative behaviour on the part of the private sector when using public funds within partnerships. However, there is room to encourage PPPs in informal economies where they can potentially create impact. Such PPPs should be implemented at the local level with a focus on individual school–firm cooperation arrangements. They can also play a role in identifying the local demand for skills in order to shape VET provision towards meeting these needs. Lastly, the engagement of not-for-profit operators with knowledge of and expertise in the informal sector can add value in mitigating the risks inherent in having PPPs in an informal economy.

## 3.4 On the PPP definition and hypothesis of the study

The search for a revised definition of PPP that fits the VET and skills sector and moves away from the definition commonly adopted at the international level, relies on the concept of outcome-oriented PPPs. The empirical analysis of the 23 case studies identified a number of elements that can inform this redefinition. The first is that PPPs for skills can be driven by quality and employability concerns beyond or in combination with a financial incentive. Since motivation for skills emerged as an important condition for entering into a partnership, it was added to the framework for analysis. Motivation for skills is also necessary to ensure outcomes such as high-quality skills and learner employability, which the partners would be unable to achieve alone. Like any other PPP, those in the area of skills development may fail, hence transparent legal and financing conditions, risk awareness and risk-mitigation instruments are necessary.

In summary, the PPPs for skills development possess distinctive characteristics.

- The actors' motivation to improve skills and employment is the main driver of the partnership and goes beyond the financial incentive.
- The partnership is open to new members.
- The partnership can operate within the framework of the VET law rather than the PPP law, and its formal administrative basis can be a memorandum rather than a formal contract.

- The co-financing arrangements cover multiple options and often combine more than one.
- The risks in the skills domain primarily involve quality issues and the relevance of the skills in relation to the evolving demands of the labour market.
- The risks are mitigated through quality assurance, monitoring mechanisms and capacity building.
- The public partner role is greater than that of a regulator, service procurer or monitor since it has a high stake in VET and skills.
- The private sector too has a stake in the quality of skills, and is therefore motivated to address skills shortages and mismatch, as well as issues of market competition.

The study hypothesis that the tradition of social dialogue in VET is a significant factor in the PPPs' chances of success is partially supported by evidence from the case studies. VET social partnership has a key role in one dimension of the typology, namely the PPP's scope and integration within the VET system, which was high only in country group 1. When considering the other two typology dimensions – the PPP's function in skills knowledge, provision and resources, and its openness to new members – we found similarities between country groups while the differences may be explained by their different stages of progress (see Chapter 4).

Where social dialogue in VET is already established, other governance dimensions such as institutionalisation, financing and risk management are also well developed. These governance characteristics are important separating lines between the two country groups. It is worth noting the exception of Ukraine in the matter of PPP institutionalisation whereby the case studies are closer to country group 1 than to group 2. The capacities of the involved actors are more homogeneous in country group 1, whereas investment in this area has, so far, been overlooked in country group 2.

According to the empirical analysis, the elements that mark significant differences between the two groups are:

- The level of institutionalisation is higher in country group 1, with the exception of Ukraine.
- Access to multiple financing mechanisms is typical for projects in country group 1, compared to the few mechanisms in place in group 2.
- Risk management provisions and attention to sustainability are more frequent in the first group.
- The capacity of actors, in group 1 has been built up over a long time and is homogeneous in nature, while in country group 2 capacity levels are more various and are currently being developed through practice.

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# CHAPTER 4.

## AN ASSESSMENT OF POLICY LEARNING AND PUBLIC–PRIVATE PARTNERSHIP EFFECTIVENESS

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In this chapter, we assess the public–private partnerships (PPPs) for skills development transversally across all of the case studies. We compare the strongly established with the recently developing tradition of public–private cooperation in each country as a starting point for an analysis of the maturity and sustainability of PPPs for skills development, evaluating both the governance and learning outcomes of recent experiences.

### 4.1 Introduction

Vocational education and training (VET) and higher professional education (HPE) are systems of skills provision that offer practice-based alternatives to general education. Content on work practices is not taught only in class. Rather, students learn aspects of the work process in real-world environments in companies or other workplaces. Within and between European countries, VET and HPE systems vary widely with respect to the role of private business and the allocation of private resources in the organisation and content of skills formation. In some countries the path toward apprenticeship schemes and work-based learning begins at a relatively young age (e.g. early tracking in the Netherlands and Germany), whereas in other countries students finish their general education before they enrol as apprentices in work environments (e.g. the United Kingdom and Sweden). In other words, the structure and content of curricula, and thus the transition made by students from school to work, vary widely by country.

The current analysis introduces another element, which is the role of private initiative at the planning stage and in the implementation of upper secondary, higher and continuing professional skills formation, as well as in employment matching services. These aspects of boundary-crossing and collaborative learning are relatively newer in the literature than traditional infrastructure-based forms of PPP (see Chapter 1). In this case, not only do private actors bring financial resources (via taxation or direct investment), but they can also join in the governance structures of educational systems, or they can inject ideas, equipment and expertise into cooperative efforts that lead to novel programmes of training and instruction. The current analysis systematises these forms of cooperation by examining the legal basis and institutional conditions for joint practices.

The underlying notion of cooperation between public and private organisations is strongly institution-based and largely cultural, as it builds on the mutual understanding of and trust between the social actors involved. To account for the fact that institutions and cultural dimensions influence the shape and effectiveness of PPPs, the analysis distinguishes between cases in countries that have a long tradition of public and private cooperation in VET and cases in countries where such cooperation is more recent.

In many continental European countries, mutual cooperative relationships between companies and schools often have origins that date back as far as the guild structures of the late mediaeval period. Many of the established practices described in the analysis, however, trace their foundational efforts to the immediate post-war period when associations of employers and employees worked together with schools to develop joint practices in vocational training and professional education<sup>11</sup>.

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<sup>11</sup> The case study for Israel starts as early as 1928.

The rise of New Public Management and the liberalisation of economic policies redefined the position of social partners in public domains around the turn of the millennium. Both the great international recession after the fall of Lehman Brothers and the transformation of economic processes owing to the introduction of new technologies, automation and robotisation have given fresh impetus to the joint efforts of states and social actors in the field of training. The economic recession and the related austerity in the public finances led to the curtailment of public funds for training, and budgets were cut or came under pressure. In labour markets, however, there has been a widespread need for the modernisation of teaching materials and for the upskilling of workforces. In many countries, mismatches between supply and demand have arisen and need to be solved. As state budgets have run short of money and economic systems have undergone profound transformation, a combination of public and private initiative has become a desperate need. As a consequence, private actors have encouraged new initiatives of joint practice and governments have started experimenting to help leverage capital and enhance the innovation capacities of the private sector in the field of work-related training and the upgrading of work practices.

Overall, the core question is to evaluate the pattern and stages in formulating, designing, financing, managing and sustaining engagements of common interest through PPPs. We aim to examine two types of conclusions. The first concerns the stepwise mechanism of foundation, institutionalisation and evolution in the governance of PPP within the context of a particular system of vocational training. What kind of mechanisms arise, what are the sequences of strategic action, and how do governments facilitate these developments? The second concerns the impact of PPP on content. What are the learning processes and learning outcomes of vocational training and professional education? And what is the coverage of this learning experience? Do PPPs result in a greater number of students who are qualitatively better trained? Do teachers and pupils benefit from the investment or could the money be better spent? It should be noted that the responses to the second set of questions remain limited in depth, though we would like to take this opportunity to share an initial mapping of empirical insights.

The chapter starts with a brief reflection on governance and then gives an overview of the case studies in countries that have a long tradition of PPPs, followed by a brief overview of their learning experiences and outcomes. The chapter concludes with an overview of the four countries where public–private cooperation in VET is a more recent development.

## 4.2 A reflection on governance learning in PPPs

The PPP skills initiatives discussed in this study are widespread and to a certain extent uneven. They provide examples of current practices in countries across a variety of economic sectors, branches and companies. The methodological approach, in fact, has been to maximise diversity in order to represent a wide range of PPP types, rather than picking the best or most representative practices or serving up a neat comparative analysis. Moreover, the latter would be impossible, given the very large number of existing PPPs for skills development and the lack of any international mapping.

This section evaluates three dimensions of governance in PPP structures, based on the case studies. The first dimension relates to the strategic behaviour of social actors and their forms of interaction, which are evaluated in terms of the cooperation dilemmas that they face. The second dimension concerns the role of legislation and regulation in allowing for and encouraging particular kinds of joint practice. The third dimension is the degree of experimentation in the development of PPP practices, which may give rise to novel practices.

The selection of the three dimensions stems from broad developments in public administration and the changes in labour markets highlighted earlier. Governmental and societal actors now face challenges in training their labour forces in a context of skills upgrading and increased flexibility in labour markets, resulting from the rise of new technologies and demographic changes. Following Martec's law developed by Scott Brinker, technological innovation advances today at a much greater, sometimes

even exponentially greater, speed than the linear change that occurs within routines in work organisations, both in the business sector and in schools, where the testing and implementation of curriculum development requires time and careful judgement. PPPs aim to bridge the widening gap in skills and labour market matching due to digital disruption.

When governments share their public space and permit joint partnership with private actors to provide vocational training, the question of public value creation arises. In the field of training, as in other social domains, the granting of organisational capacities to lower levels of decision-making gives rise to new forms of legitimation that emerge when actors interact at a decentralised level. Mark Moore underlines the role of political entrepreneurs who take initiative and orchestrate joint action (Moore, 1995). The organisational capacities that the state facilitates result in outcomes that are considered legitimate by the authorising environment, in the political arena and in public opinion. The scientific debate over multilevel public-sector governance highlights both vertical relationships (political legitimation) and horizontal alignments (boundary-crossing between public schools and private initiative), because they are both mobilised in the orchestration of joint action, without being able to define the exact goals and means beforehand. Thus, relevant is an evaluative approach of what Sabel calls 'learning by monitoring' or 'managing self-discovery by diagnostic monitoring' allowing for an evaluation of the strategic horizontal and vertical interaction of mutually interdependent actors under diverse local conditions (Sabel, 1994; Kuznetsov and Sabel, 2017).

Within any set of actions that define the contours of a PPP, the actors may structure their mutual relationships and justify their behaviour in relation to the content of the training. When investing public money, a key question is what number of students will be covered by a particular programme and what will the learning outcomes be. As we know from the literature on the political economy of skills formation, learning practices are very much a local matter, determined by the social and economic context and the cultural dimensions that affect how skills and training are defined, organised and translated into occupational profiles and labour market behaviour (Streeck, 2011). When introducing PPPs, a trade-off generally occurs between the accessibility of education programmes (wider or narrower – since not all potential learners can be covered), the quality of learning (deeper or more general learning practices – to add specific knowledge and capability to learners), and the price (free or payment by result – what kind of investment is required to achieve the learning outcomes) (van der Meer and Smulders, 2014). How have the actors in the case studies dealt with these issues?

## Cooperation dilemmas

Many PPP initiatives occur at the local or regional level in particular branches or industries, although often under the umbrella of a direct or indirect government initiative. As the case studies show, social actors face specific cooperation dilemmas when setting up PPPs. First, the relationship between states, schools and private actors creates an opportunity structure for joint practice. Interestingly, many initiatives take off at a level of decision-making that differs from the level at which decisions are regularly made. For example, local initiatives lead to new national practice and political entrepreneurship results in changing work floor learning practices. This mutual pattern of bottom-up and top-down initiative is likely to lead to a multilevel set of interactions. At the start, actors need to express a motivation, a desire and an ambition to work together and share capabilities and resources to invest in a joint programme that lasts for an extended period of time. Both equipment and expertise are necessary ingredients. Companies often express an inclination to change the training practices in schools, given their general need for skilled labour or their specific demand for specialised capabilities. For their part, governments generally aim to improve the level of education or they define more precise forms of specialisation that can be attained through combined education programmes involving schools and companies. Since most smaller companies and governments cannot carry out training programmes on their own, they are mutually dependent on cooperating with schools or training centres for pedagogical and didactic approaches to guide learners. In many cases, political

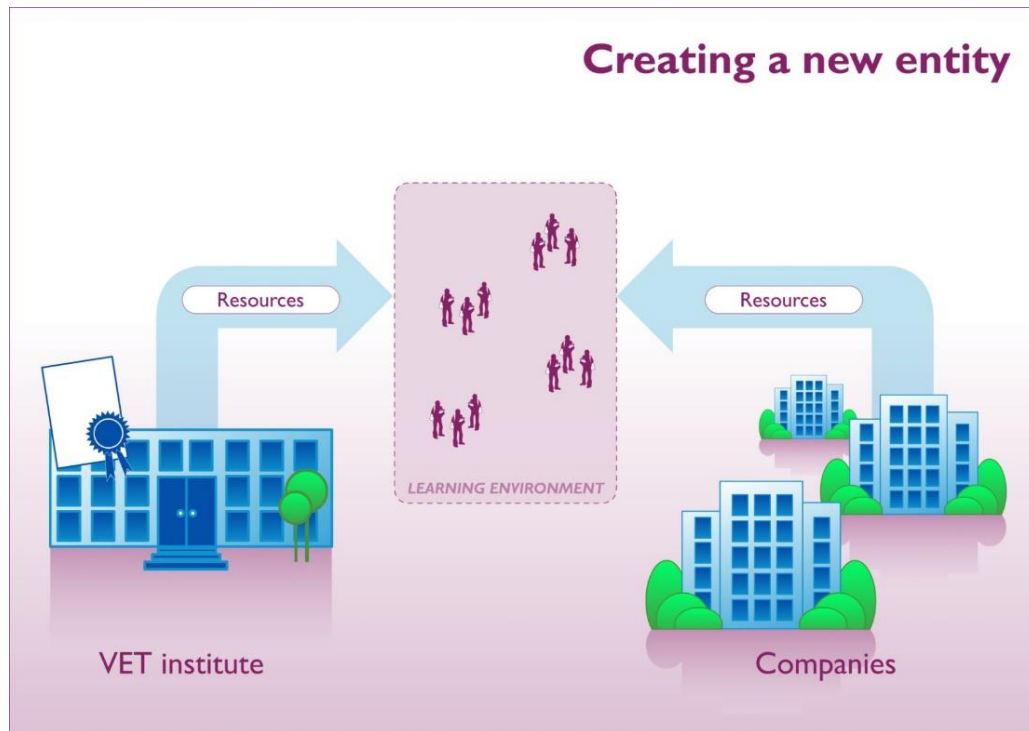
entrepreneurs or public broker organisations act as intermediaries to bridge the various interests, connect positions and enhance innovative cooperation. In the schematic model below, we distinguish between the various roles for initiators and brokers at different stages of cooperation: defining joint ambitions, allocating resources, problem-solving, mapping developments, hosting meetings and facilitating social collaboration practices. In short, they play multiple roles that enable other actors to join.

Joint action will likely occur more easily when the number of partners who are involved in initiating a coherent programme is limited. This is to overcome mutual adjustment problems and allow for more reciprocal quid-pro-quo behaviour. Mutual risk assessments matter, since private organisations not only bring necessary financial resources, but also human resources, equipment, tools and materials, and thus their reputation. In other words, organisations should be large enough to invest in their commitments and support them. When they are affiliated with broader associations or networks, they may jointly arrive at a common perspective. In each country case, the question arises as to which comes first: companies that need to solve their staffing problems or schools supported by governments that seek to enhance their training policies. In some cases, the initiative has been supported by donor organisations. It should be made clear that when parties fail to invest, the labour market will have a skills shortage and a matching problem.

When a country has a tradition of social partnership and thus a practice of defining shared analyses and setting common long-term goals for social and economic policy making, the starting conditions for PPPs are different than they are in countries where such a perspective is relatively weak or lacking. Where social partnership is deeply rooted and companies are used to investing in on-the-job training, the expectations of each side's commitment may be clearer, because the actors can look to past experience. When cooperative behaviour is rooted in forms of knowledge sharing and training based in partnership, actors can build on practice informed by evidence and draw on know-how to strike mutual deals to form new partnerships. As the literature indicates, however, social partnership is currently vanishing in many countries and finding new responses to the changing economic conditions in European countries (see Baccaro and Howell, 2017; Ebbinghaus and Weishaupt, forthcoming). In this context, the mechanisms for new initiatives in joint practice will likely be different and political entrepreneurs may find a window of opportunity to redefine national interests while bypassing veto powers. Such behaviour has occurred in the case of the Netherlands and Morocco, for example, where the PPP initiative at first was purposefully developed not within, but alongside the existing education structure, and was later merged into it.

A stylised model of a new learning environment joining resources from a public school and a company is presented in [Figure 4.1](#). Of course, such a learning environment can be placed either more under the prerogatives of the school or more in the context of the company.

**FIGURE 4.1 NEW LEARNING ENVIRONMENT CREATED THANKS TO JOINT RESOURCES**



Source: Adapted from Smulders, Hoeve and van der Meer, 2013

### Legislation: ex ante or ex post?

In all of the countries in the case studies, legislation defines the structure of education, the conditions for establishing schools and the criteria for schooling. As the case studies show, the legal framework for partnerships and joint initiatives is often diffuse and open to interpretation, so training initiatives will be dependent on the context of political debate and often diverse local culture. Regulations set the criteria for spending public money on various educational programmes. Apart from funding education, lawmakers also define the budget rules for PPP by granting public money or setting criteria for the financial allocation of private resources, either via competition or via subsidising projects (through the provision of grants). In general, cost-sharing reduces the burden on public investment, but private parties will estimate the time-horizon for gaining returns on their own investment. To enhance cooperation, parties are likely to benefit from joint memoranda of understanding or documents on shared principles. Thus, sharing risk and agreeing to mutual obligations among the participating actors might be relevant from the start, whereas later in the process of setting up PPPs, quality-assurance mechanisms and follow-up systems to monitor results will be instituted to evaluate progress and determine the societal costs and benefits. Given the ambiguity of goals and the need to draft joint ambitions for PPPs, the criteria for goal setting and conflict resolution (in the case of diverging norms) will also be important for any contracts that underlie PPPs.

The regulatory evidence appears to be empirically diffuse. In Chapter 2, it was argued that no examples have been found of legal arrangements that have influenced the effectiveness of PPPs, their operation or their accountability, including the monitoring of possible outcomes. Therefore, the argument can also be turned upside-down: the emergence of PPPs does not start from uniform fixed rules but will likely lead to new forms of sometimes reflexive regulation to guide and evaluate these training practices. As a result, governments should be prepared not only to work in joint settings with private actors, but also to develop an administrative culture to share public space to establish PPPs built on joint strategic and fiscal management in order to give other actors room for initiative, autonomy and independence in the field of training.



In other words, while particular rules on VET or industrial policy may deductively lead to PPP initiatives and joint practice, the process itself will give rise to new insights that will be translated and merged into the current regulatory framework for training policies. In the longer run, new PPP initiatives will also lead to new forms of government regulation on quality development in skills provision and cooperative behaviour. Especially when initiatives grow in number and impact, it may be deemed necessary to draft and develop additional regulations.

## Experimental governance

The cooperative relationships involved in establishing PPPs may also take on the nature of experimental governance and work at multiple levels of interaction. Political and societal actors at different levels can learn from new initiatives. In the starting phase of new projects, the definition of joint ambitions and common goals is crucial. The goals are often ambiguous or require further detail and specificity. In such cases, the means and ends can be kept relatively open at the start.

When two existing organisations (schools and companies) join forces, differing organisational cultures come together within a new cooperative work organisation. Apart from the management commitment shared by both public and private actors, it is likely that most of a new initiative's boundary-crossing adaptations will need to be made at the workflow level. Here people must get to know one another and learn how to cooperate in order to solve emerging challenges. In subsequent stages of joint effort, the mode of governance may create opportunities to learn from experiments and pilots and enable actors to mutually adjust their ambitions.

As a general rule, new start-up projects of this sort will be cyclical and iterative in nature, enabling processes and products to be developed and used, and subsequently evaluated. In recent PPPs, research or living labs (for learning, technology and experience) and related incubation structures have been established in the real-life context of a company, sector or country in order to develop new learning and product development processes to solve emerging problems and to produce and reproduce knowledge and expertise that can enable further innovation in skills development in the future.

It remains an open question and therefore requires further study whether such conditions improve learning processes and move companies closer to the innovation frontier in their business cycles. In all cases, the feedback from collaborative PPP practices will be used as input for further improvement of the product and process cycle. To do so, however, will require careful coding and documentation.

When the outcomes of a PPP are not productive or balanced, a new start will be deemed necessary. When collaborating parties trust one another and agree to a longer period of cooperation, they are more likely to engage in processes of failing forward (i.e. allowing for making mistakes, finding solutions and improving planning and action, while jointly drawing lessons learned) than they will be in a situation of short-termism and separate risk-taking.

Therefore, apart from funding and pioneering issues, the process of institutionalising any PPP also raises two further issues: the division of tasks and responsibilities over time and the assessment of results based on pilots and joint efforts. Given the different opportunity structures that exist in particular sectors of the economy (agriculture, construction, high-tech systems, infrastructure, leisure, health care, etc.), divergent strategies for upper secondary and HPE will likely lead to varying outcomes. In many countries, CEOs take charge of an initiative or are called on to represent joint management bodies to move an initiative forward.

When reading each of the case studies closely, the features of the PPP implementation process appear to be extremely important in driving the observed outcomes. For example, the structure of labour relations, the particular labour market conditions, the procedures for labour market inclusion,



the competition for contracts, and the legal monitoring and evaluation regime are all important for the achievement of particular results.

### 4.3 A schematic four-stage model

The cooperation dilemma, the role of legislation and the structure of experimental governance can be summarised in a stepwise approach of establishing partnerships: start-up, institutionalisation, consolidation and further evolution. We must bear in mind, however, that the steps may be speeded up or delayed, or they may occur simultaneously. As the case studies show, the stages do not always follow a linear development, but may be cyclical<sup>12</sup>.

#### Stage 1. Start-up phase of specification and conceptualisation

Starting up is the first step. This is the stage of pioneering and establishing a PPP by gathering ideas to create something new, formulating starting principles and allocating resources. At this stage, political entrepreneurs of all kinds will inductively create awareness, specify the main goals and conceptualise the common ambitions of a PPP. Their motivations and preferences include getting the labour market figures and the business case right (at least for the case involved), making themselves better known to potential partners, securing funding and sharing their analysis of the risk distribution for the collaborative project. Depending on the political climate and economic cycle, the start-up period will sometimes need to be quite long and it may be hardly visible to the general public. Broker organisations or individuals may pave the way by solving all kinds of emerging problems, helping to set up new adhocacies or innovative organisations by attracting human resources and facilitating team building, convening and hosting meetings and events, and facilitating social collaboration practices. Underlying agreements and memoranda of understanding can be developed. Helpful incentives may be provided, such as subsidies for pilot programmes that are subsequently ranked and rewarded to enhance recognition and further develop policies and regulations. In short, political entrepreneurs will play a host of roles as they create a platform for other actors to join.

#### Stage 2 Institutionalisation phase of cooperation by designing and building the PPP model

At this stage, the actors design a more complete concept of cooperation, formulating the exact project targets, building work processes and further developing the division of labour between the management team and the training processes on the workforce, thus providing educational leadership and defining tasks and responsibilities<sup>13</sup>. This stage includes the design of training programmes, the recruitment of students and the implementation of instruction. Once the PPP has been set up, management will plan new activities and monitor the first year's results in accordance with an agenda for the further development of the project in the medium-to-long term.

#### Stage 3. Consolidation phase of operating and sustaining the initiative

At this stage, the task is to consolidate engagement and initiatives by enabling and sustaining the operation of the initiative. Apart from the execution of 'running' the project, it will be necessary to strengthen assessment, monitoring and evaluation of activities and to find new financial resources,

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<sup>12</sup> The conceptualisation of various stages originates in the literature on strategic project management and system engineering (in Lohman, van der Meer and Noteboom, 2020). The idea to distinguish between the invisible–inductive and visible–deductive ways of reasoning was originally developed by Buckminster Fuller.

<sup>13</sup> In explicit design-thinking models – whether these have been applied in PPPs in this report is not really clear – another five steps have been distinguished: creating empathy, problem definition, idea generation, prototyping, and testing (see Liedtka, Benneth and King, 2013). When particular design-thinking models have been applied, the next step is to achieve systems thinking to design the underlying principles for partnership at the macro-level.

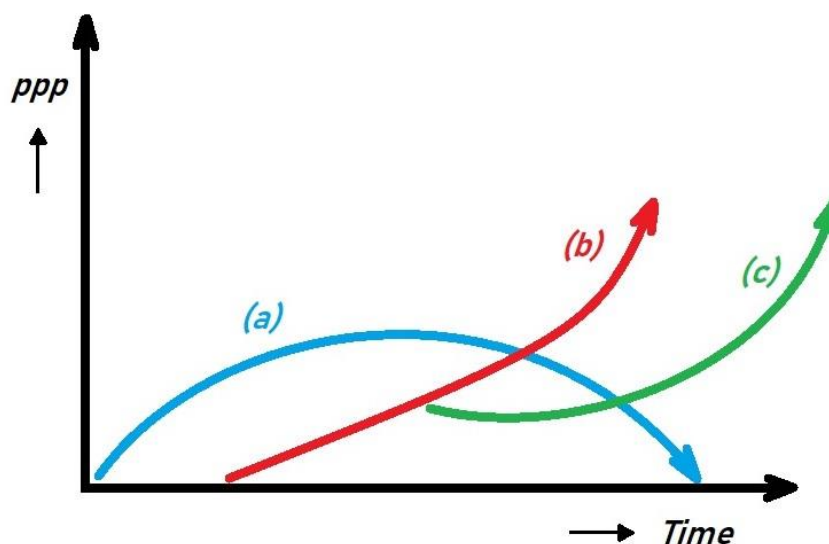
which may include the growth of sales in order to become independent from the principal subsidies provided by donors. Also likely to become important at this stage is the identification of any potential valorisation of projects, including the management of intellectual property, the spreading of educational results, the application of learning analytics, benchmarking against other initiatives or traditional learning practices, and networking for further exploration. The parties can develop the quality of their own practices and improve the coverage and learning potential for students and companies.

#### Stage 4. Scaling-up and evolution phase of further cooperation

In order to spread and sustain an initiative in the future, it will be necessary to continue the engagement of common interests and develop the initiative along new directions of teaching and learning. The cycle of further specification and conceptualisation restarts again. This may prompt the exploitation of existing resources as well as further inductive exploration and renewal of the initiative and the start-up of new projects, including the empowerment of staff and students to secure the project's sustainability, undertake the innovation of processes and forge new partnerships. Cross-fertilisation and the creation of a value constellation are likely steps within this stage. Projects may expand from triple-helix cooperation, involving government, companies and schools, to quadruple-helix settings, with a more prominent role for end-users, students and consumers. Project evaluation may indicate whether the joint experience in the past is strong enough to carry on with the initiative, or whether new forms of public-private entrepreneurship are needed to initiate new practices, independent of the existing school system.

It should be noted that ambitions will change at a certain point if no progress is achieved. Some initiatives may be sustained, while others will cease or receive a new start. The decision may be taken by the participating organisations or by the government to stop and restart a project, or to stop a project permanently. Figure 4.2 presents possible pathways of start-up PPPs. In this example, initiative (a) is terminated after a certain time; project (b) becomes institutionalised and consolidated; whereas partnership (c) is a successful spin-off of (b) leading to a next phase of cooperation.

**FIGURE 4.2 POSSIBLE PPP PATHWAYS**



## 4.4 Reflections on the case studies in countries with long-standing public–private cooperation

In the introduction of this study, three ideal-type functional families have been introduced: VET provision-oriented PPPs, resource-oriented PPPs and knowledge-oriented PPPs. Based on our analysis of the emergence of PPPs, we can use the three functional families to describe each country, while realising that the most established cases exhibit dimensions of, and thus fit within, several of the ideal types. The following section offers a brief overview of initiatives that have continued over time in Israel, Germany, Sweden, France, the Netherlands, Morocco, Belgium, Australia and Italy.

### Functional family 1. VET provision-oriented PPPs

The functional family of VET provision-oriented PPPs focuses on the value added by collaborative learning and the transformation of VET and HPE systems. The case studies include Israel, Norway, Germany, Sweden, the Netherlands, Morocco, France, and the countries mentioned under the resource-oriented model, Belgium and Australia. These PPP approaches go beyond traditional forms of workplace learning, apprenticeships and other types of VET provision to encompass innovative forms of hybrid organisations that also address educational renewal, student guidance, career services and competency development in line with the application of new technologies in the workplace. The ambition is to align the contents of collaborative effort, teaching, research and work. Successful boundary-crossing requires a combination of educational leadership, a good climate for research and investigation, labour market matching, and sound investment by governments, schools and companies in the skills development of learners. The cases below appear in historical order.

**Germany** is internationally regarded as the foremost case of dual training, where the private-sector labour market permeates the public system of skills provision, with origins dating back to the early industrialisation period. Germany offers an exemplary case of PPP that pervades the whole system of training, far beyond treating PPP as a single instrument. Social partners are heavily involved in policy making at both the regional (Länder) and federal levels. Governments fund public VET, but private capital is involved in the provision of apprenticeships, where on-the-job training occurs. The practice of PPP is embedded in regulations and legal instructions. This is apparent from the clear curriculum and examination requirements of the country's dual training schemes. Wage rates are laid down in sectoral collective bargaining agreements and apprentices are paid accordingly. All companies follow the regulations, which cover the occupational standards that define the set of competences for a given qualification and lay out the minimum training standards and the examination rubrics and criteria, i.e. the level of competency needed to pass an examination. Even though it is widespread in Germany, the dual system does face challenges: the access to companies is sometimes limited and more men than women participate in the system.

The **Israeli** case, which focuses on the Amal Educational Network for entrepreneurship, excellence and technology, dates back to a trade union initiative of 1928. Currently, some 40 000 students are enrolled in education in high schools and technical colleges that are all part of the network but each belong to municipalities at the local level. Companies make no investment since they do not regard school leavers as direct recruits, because it is necessary first for them to complete compulsory military service. The social responsibility of the private sector to offer services to schools enhances its reputation. The schools apply advanced teaching and learning methods and place an emphasis on technology, sciences and arts in various sectors of industry, while also mentoring all categories of students from high achievers to young people at risk. Not only are novel ways of assessment introduced, but so are entrepreneurial skills and project-based learning, including innovative thinking methods for the integration of schools with industry. At the same time, however, formative and summative assessment still occurs in relatively traditional ways.

In [Norway](#), the cooperative efforts of the oil and gas industries trace their origins to some 25 years ago, when companies first started to call for well-trained apprentices who could be recruited into their internal labour markets. Perhaps more than any other country case in this volume, the Norwegian case shows how the involved parties have improved the allocation and matching of students to companies and how the guidance given to students during their two-year period of apprenticeship has improved. The student dropout rate has fallen to a minimum through cooperation between the oil and gas companies and the schools, with help from an intermediary organisation. In this overview of PPPs, Norway offers a clear example of one of the best controlled case studies of cooperative effort and related policy lessons.

In [Sweden](#), Teknikcollege was established by the Council of Swedish Industry in 2004 as a network of competence centres. The network enlists consortia of municipalities (regional and local authorities), training providers (mainly secondary and post-secondary VET schools, but sometimes also universities) and private companies, who together seek to match labour market demand and education curricula. Each Teknikcollege needs to meet eight quality criteria that include the availability of appropriate equipment, training in real work environments and continuous contacts between students, teachers and companies. The meeting of objectives is flexible and the forms of cooperation depend on the regional partnership between the authorities, companies and training providers involved. As a result, training is not necessarily offered via a formally established apprenticeship (or dual education) scheme and may instead lead directly to employment in industrial companies or pave the way to further studies, e.g. at university. Attractive, creative and stimulating learning environments, quality assurance and the guarantee of constant development ensure that each Teknikcollege proceeds in line with industry requirements. Companies can offer internships or guest lecturers, organise field trips, provide seasonal jobs to students or give permanent jobs after graduation. However, instruction is mainly school-based and the schools remain the focus of the training process, which is an underlying difference in comparison with the German dual education scheme.

[The Netherlands](#) also has a long tradition of social partnership, where business associations and trade unions cooperate to define the qualifications structure in secondary vocational education and participate in examination boards. The recent growth of PPP in the Netherlands in the 2010s, which was driven by the need to increase the number of STEM (science, technology, engineering and mathematics) students and improve training practices, has added a new dimension to the existing model of social partnership. There are now over 160 joint initiatives in sectors and regions not only at the VET level but also at the higher professional level (HPE). The PPPs (or centres) initiate activities for up to 10% of all students and involve a substantial number of the leading larger and medium-sized companies. The PPPs form a new layer of joint action, which is partly outside, but also connected with, traditional initial training programmes. Several ministries and industries (with the captains of leading companies playing a key role) are engaged in forging closer relationships with public education at all levels. The initiative gained additional momentum in 2010, when the national industrial policy shifted to a top-sector approach (in agri-food, the biobased economy, chemistry, digitisation, the smart economy, etc.). At that point, financial resources were made available through an open competition for subsidies to support PPPs that would feature joint partnership and shared ownership, generate their own profits, and thus become independent of government subsidies. Under the new system, mutual learning is enhanced through the collaborative efforts of the various partners involved in initiating joint practices. Individual experiences are levelled up at national meetings and through interim assessments conducted by evaluation committees that follow strict guidelines. At the same time, the governance of each initiative is open and able to adapt to changing conditions. The result of the new approach is that the practice in centres at various stages of development varies widely. Start-up financial incentives may be perceived as a necessary but not a sufficient condition. Also, the learning processes in relation to the feasibility and pitfalls of cooperation emerge cyclically over time. Clearly, changes are required on the workforce for the participating schools and companies to engage more fully in a development-focused culture, so there is also a need for educational leadership that

transcends boundaries. Currently, virtually all of the VET and HPE schools in the country are involved in setting up centres, though the precise learning results and impacts on students remain implicit. As a consequence, there is a need for more evaluation of their results. Participants, however, claim that their activities lead to transformation and innovative boundary-crossing activities between companies and schools.

The example from [France](#), which dates from the introduction of new education legislation in 2013, relates to a joint training initiative, where the benefits of new campuses flow not only to larger companies, but also to the entire cluster ('*filière*') of small and medium-sized enterprises, particularly those who are subcontractors of the main economic players at the regional and national levels. Governance in this case is entirely delegated to the regional level. Private companies contribute both cash money and in-kind services, such as staff, tools and equipment. The resulting campuses are directly linked to industry in areas such as digitisation, computerisation and the provision of high technology. As a result, employers become deeply involved in the campuses and their efforts to translate the national curriculum into local skills needs. Particularly interesting is the idea of establishing international, cross-border career paths in order to exchange technical information, create common training pathways and recognise diplomas. The government's assessment is that the campuses contribute to competitiveness in two ways. First, their optimal knowledge of the sector enables them to appraise the specialised needs of all companies, both large and small, in the supply chain. Second, the campuses' business model relies on close ties with the involved sectors, so that the training provision can be adjusted in a timely manner. The cooperation between public and private partners has deepened over time and become a model within the French VET and HPE systems. Having identified the value added for competitiveness, the government plans to increase its allocations to the campuses. The additional investment will focus on priority sectors that drive innovation, reflecting an approach that echoes the Netherlands' Katapult approach.

The [Morocco](#) case study (starting in 2009) is characterised not only by its innovation in governance, which can serve as a prime example for all countries, even those with a long tradition of public–private cooperation, but also by the sectoral dimension that is predominant in the format of its PPP. At the national level, inter-ministerial cooperation provides leadership that has been combined well with the engagement of key employer stakeholders. This has laid the groundwork for the participation of sectoral actors that, in turn, have been able to channel the needs of national and international companies into win-win partnerships for skills development. One of the lessons from the case seems to be that PPP effectiveness is enhanced when public policy goals are fully shared by both the public and private actors. The benefits of a vision shared among the different actors becomes even clearer when the involvement of private actors is guaranteed from the earliest stages of the policy cycle, irrespective of any specific PPP. This helps to foster a sense of ownership and provides an incentive for change on both sides. The case study also illustrates how legislation and by-laws have supported the institutionalisation of partnerships. What initially started as an experiment in governance has developed into an ecosystem, where VET centres are governed in partnership and public and private actors manage a network in line with national policy goals. The diversification of financing tools, accountability mechanisms and quality assurance have all been key to bringing together VET provision and the resource-oriented dimensions of the PPP.

## Functional family 2. Resource-oriented PPPs

When the institutional conditions for PPPs (investment climate, reliable data, trusting relationships) are positive, a second functional family model may emerge: resource-oriented PPPs. These are oriented primarily toward improving the level of financing for VET and related labour market programmes, buildings or human resources. The analysis identifies not only large-scale physical projects, but also the funding of labour market projects, training equipment, laboratories and training programmes as part of this approach. Most types of VET provision (Israel, France, Germany, Morocco, the



Netherlands, Sweden) also contain dimensions of the ideal type of resource allocation. The examples shown here come from Belgium and Australia, although the two countries also have elements of VET provision.

In [Belgium](#), the Duo for a Job programme was carried out through a social impact bond (SIB) scheme, the first ever implemented in the country. As such, the case study sets out a governance arrangement at an experimental stage and offers preliminary lessons from the achieved results. From the public side, SIBs are a form of payment-by-results, which removes the upfront costs of service delivery from government and shifts the financial risk to private investors, who lose their investment if interventions do not improve outcomes. In addition, SIBs can enhance cross-sector and cross-authority cooperation, providing integrated solutions to long-term challenges. Another significant benefit to public-sector bodies is the opportunity to explore innovative solutions, which can pose major risks. With SIBs, however, the risk of social innovation is transferred to the private sector. In the analysed case study, the long-term challenge was the unemployment rate among youth in immigrant families and the failure of traditional active labour market measures, while the risk consisted of introducing a new type of active measure, with no prior experience and no guarantee of success. The Duo for a Job programme managed the long-term challenge and the risk of an unprecedented active measure, which eventually succeeded in improving the employment rate of the youth involved.

The case study from [Australia](#) provides some new ideas about the importance of contracting. In this case, the purpose is to improve the career paths of students in building and construction. The process draws on the involvement of multiple partners: one of the largest construction companies in the country, schools (skills bodies) and public investment. The interesting dimension of the case is that no formal contract is negotiated at the school level; every exchange takes shape with help from pre-existing linkages between the project's management body, the industry involved and the 73 participating schools. Budgets in turn are allocated on a competitive basis. This leads to performance-based contracts between the partners, which aim to improve the labour market opportunities for students and support the professional development of teachers. The lesson of TAFE Queensland over time has been that learning based on public-private cooperation has significantly increased the attractiveness of VET. The programmes have bolstered the value of skills both socially and economically. The case study addresses several examples of PPPs, showing how the same concept may give rise a wide array of agreements for programmes.

### Functional family 3. Knowledge-oriented PPPs

Knowledge-oriented PPPs help to establish a better understanding of the dynamics and interplay of VET systems, labour markets, and the demand for skills, competences and qualifications. Throughout the analysis, but mainly in the Italian, Dutch, French, Swedish and German case studies, we have described the roles played in PPP settings by skills intelligence, data analytics, surveys, the articulation of demand by sector skills councils, and research on qualifications frameworks. These ideas have been taken up by many countries to justify skills-related policy intervention and better understand the changing needs of the labour market. These activities include sound evaluation and monitoring and the strategic planning of skills formation.

The most prominent example of knowledge-oriented provision comes from [Italy](#), where the government is the central actor in the PPP, which is essentially seen as a public task, given the importance of accurate data collection for labour market forecasting. The quality of data collection, however, is dependent on the collaboration of public authorities with companies in order to gain access to companies' strategic information. The innovative dimension in the Italian case relates to the collaboration of the Ministry of Labour with the regional chambers of commerce where private companies operate. This collaboration results in the updating and improved application of various forms of data collection and forecasting models. The cooperation dilemma at the start-up of the Excelsior skills intelligence system was related primarily to the issue of private partner identification.

The establishment of cooperation with the chambers of commerce posed a risk of alienating sectoral employers' organisations. Such a risk was mitigated through a strategy of intensified dialogue between the chambers of commerce and employers' organisations, with a view to defining the benefits of Excelsior for all actors in the skills development system. As a consequence, the data collection instruments, frequency and dissemination were adjusted over time to match the demands of various sectors for intelligence on occupational profiles and skills needs.

## 4.5 Reflections on learning outcomes

The goal of the case study approach is to provide sufficient analytical depth so that clear policy lessons can be drawn from current experiences. Specifically, the aim is to provide detailed information on how and why the PPPs in these cases work as they do, and identify the contextual factors that have shaped their outcomes. Above, we highlighted the stepwise mechanism involved in the institutionalisation of PPPs; now we would like to map their impact. Admittedly, the effects depend on the starting situation and vary widely. If PPPs are seen as a new initiative, a greenfield site, for providing training in a particular region, sector or country, they result in evaluative dimensions that differ from the cases where PPPs are simply an additional instrument for governing training policies in an already well-served educational system. For this reason, we evaluate the countries with long-established cooperation first before turning to the countries with more recent experiences. We insist that while the case studies do not permit a systematic evaluation of learning outcomes based on the introduction of PPPs, the various country cases do point to some interesting developments that are worth reflecting on for future undertakings. We have raised questions such as: what specific goal(s) was the PPP designed to achieve? What were the outcomes? What does the evidence tell us about the impacts of these mechanisms on learners, learning practices and learning experiences; and what does it tell us about the costs and benefits of the specific PPP model used in the case? Were there any unintended consequences and, if so, what can we learn from them?

Admittedly, the case studies are not sufficiently in-depth to permit more penetrating remarks of a counterfactual nature (i.e. what would non-PPP delivery look like, and exactly how and on what dimensions does PPP delivery differ?). Nor do they delve deeply into the history of the PPP initiative in each country, the scale and importance of PPP in the VET sector, or how to view the appropriate role of the method in future policy. Nevertheless, we can map three dimensions of the PPPs in question: learning outcomes, learning practices and learning experiences.

### Learning outcomes

Learning outcomes refer to what has been learnt from a PPP initiative. It is obviously relevant to evaluate what students learn, because their learning outcomes are crucial to the further legitimisation of any partnership. In the case of PPPs, however, the learning outcomes are more diverse, since teachers may also benefit from cooperation with companies. For example, they may improve and update their curriculum. In turn, schools too may benefit in terms of their reputation and their access to company resources. At the same time, this argument also applies to companies, which may gain new pedagogical and didactic insights and knowledge into how to treat a young new cohort of workers. In a PPP, public bodies and governments may also learn from the joint initiative in terms of the creation of public value and associated project management.

We limit our analysis to a mapping of the kind of answers delivered in the study. First and foremost, it appears that some of the learning outcomes refer to policy learning in the sense that public stakeholders mention learning how to cope with the establishment of PPPs or how to set up innovative cooperative projects. In Italy, for example, respondents mention how they have improved labour market analysis over the years. In the Dutch, Swedish and French case studies, it has been found that stakeholders, by initiating PPPs, have arrived at a much deeper understanding of the conditions for setting up innovative collaborative projects and engaging in the various stages of developing a PPP.



In other case studies where the practice of PPP is well established and institutionalised, it has also been mentioned that learners themselves benefit from the PPP. In Israel, for example, graduates appear to be better prepared as business and social leaders because of the provision of essential skills (for example, innovative thinking skills). In France, Sweden and the Netherlands, the learning outcomes include improvements in the quality of education and the formation of competences to meet the real needs of industry or the private sector. In the Dutch case, for example, the learning outcomes are evaluated in terms of the product and process innovation achieved in companies with the help of students. In Germany, dual training has always been viewed in terms of the wide coverage of apprentices in the workplaces of companies, thus facilitating and easing the transition from training to work and creating a smooth pathway into a job. The Norwegian case study also argues that apprentices yield good results and shows that the Education Office of Oil-related Trades (OOF) has low dropout rates and finds tailor-made solutions for students who need an alternative education route.

## Learning practices

Learning practices refer to whether new forms of learning are introduced. If so, which ones? How do they operate? Again, the answers depend on the context. In Italy, for example, the learning practices involve putting government agencies and VET schools in contact with new and alternative sources of data collection based on information provided by private companies in chambers of commerce. This dimension is entirely different from cases in countries where learning practices are related to on-the-job learning accompanied by school-based theoretical instruction (e.g. Germany) or where innovative teaching and learning methods have been introduced in accordance with the national curricula (e.g. Israel). For many of the countries, the specific and varied practices remain relatively implicit in the case studies, since they are shared to a large extent with the goals of the PPP centres themselves. This requires further study. However, we can conclude that learning practices in France mainly refer to school-based learning with a strong contribution from the private sector, whereas learning practices in Sweden refer to flexible forms of learning, not necessarily through a formally established apprenticeship (or dual education) scheme, which is distinct from the approach in Germany. The Norwegian case study delves somewhat deeper, if we recall that the learning practices occur not only on the job while working offshore, but also onshore at school where courses are provided to students when they are not scheduled to work.

## Learning experiences

The case studies also touch on the questions of whether and for whom PPP practices are beneficial, why this result appears and the coverage or the extent to which it is the case. Once again, the dimension of policy learning should be treated separately from the content analysis of PPPs. Policy learning experiences are largely positive, labour intelligence has improved, training practices are being continued, and skill mismatches have been mitigated, all depending on the context.

Regarding the content of learning experiences, specific examples can be mentioned. In Israel, for example, extracurricular activities targeted at students in the 11th and 12th grades equip them with strong entrepreneurial skills. In France, the learning experiences occur through networking and by addressing the skills needs of entire industrial clusters ('filière') within a sector, including large, small and medium-sized enterprises. In Germany, the learning experiences include a high job-placement rate for graduates and the guarantee of a qualified workforce for companies. In Sweden, the learning experiences include a strong contribution to regional development. In the Netherlands, the learning experiences show how cooperation occurs not only linearly but also cyclically for students, teachers and companies. In Norway, the learning experiences include the fine-tuning of cooperative initiatives that enable employers to forecast an accurate demand for well-skilled apprentices to match their labour market needs.

## 4.6 Reflections on the case studies in countries with a recent tradition of public–private cooperation

In the ETF partner countries, PPPs are now on the brink of emerging (see Volume II of this report). In each of the four countries with a recent tradition of public–private cooperation, sufficient legal opportunities now exist to create the institutional conditions for PPP in spite of more restricted access to financial resources and limited evidence, motivation and awareness of former traditions of mutual cooperation and joint social partnership. However, none of the four cases can be categorised formally as PPPs in accordance with national legislation. The only exception is the case involving dormitories in Kazakhstan. In light of the characteristics described above, however, it is reasonable to evaluate all the cases through the lens of PPP.

The evidence suggests that Serbia and Ukraine are at the forefront in terms of PPP institutionalisation and strength, closely followed by Kazakhstan. In Jordan, the practice of PPP is currently less well developed. This sheds new light on the conditions under which PPP can be established. At first, the conditions for PPPs seem to be slightly better in Kazakhstan and Jordan than in Serbia or Ukraine. This only appears to be a contradiction, however. Developments suggest that even under conditions of recently institutionalised social partnership or in the absence of fiscal incentives, effective forms of joint cooperation and even formal PPPs between the public VET system and the private sector are possible.

Below is an evaluation of the emergence of PPPs in the four countries in terms of cooperation dilemmas, legislation and regulations, and experimental governance. The evaluation looks at the preconditions that should be in place at the public level to establish and further develop the different PPP cases. The section then concludes with a brief overview of the learning outcomes.

### Cooperation dilemmas

As in the countries with established practices, so too in Jordan, Kazakhstan, Serbia and Ukraine do cooperation dilemmas emerge in the establishment of PPPs. The ambition, motivation and preferences of actors serve as a key starting point for the achievement of successful PPPs. For companies, the motivation usually relates to their business interests and the benefits that they can gain in the field of training. By training apprentices in their own enterprises with the help of adapted curricula, they can achieve direct results in the increased effectiveness and efficiency of their staff recruitment. After the start-up of a PPP, any expenditures for retraining post-graduates may decline and induction periods may shorten. Financial results can also be achieved indirectly, via fiscal incentives established by law or by using the VET institutions' own facilities to generate income, promote their own products in the market, cherry-pick the best students, and receive compensation for their expenditures from the state budget including a certain margin (thereby generating net income).

For the public authorities, the motivation and legitimation of PPPs typically concern the improved quality and relevance of VET provision and its increased availability, access and coverage for wider groups of students at a reasonable price. Earlier in this chapter we argued that a trade-off may emerge between the accessibility, quality and price of training. When countries face public deficits, PPPs are attractive, since private actors can be invited to co-investment and share equipment.

In our case studies, the initiative of actors and the evolution of their cooperation relate to the training issue that spurs their efforts and the results (and further impact) that can be expected from their cooperation in terms of improving the VET system. These initiatives often start with a rather general concern to raise awareness. We have found examples where a government official has phoned a VET institution to suggest 'that something should be done... an initiative is needed...!' Later in the process, more clearly defined and mutually accepted goals serve as a driver to achieve a successful and sustainable PPP.

The various stages of the model described earlier in the chapter arise again in the cooperation dilemmas faced by actors: start-up, institutionalisation, consolidation and evolution. Both public and private partners need to be prepared to take risks and invest to achieve joint public value that is considered legitimate. The investment lies not only in financial resources, but also in time and human resources and often in equipment, tools and materials as well. This can be beneficial for one or both of the actors.

The case studies show that in most successful PPPs, the expertise of all parties involved is mapped and decisions are made on the resources and investment of each actor. For example, while business actors may have a better understanding of the skills that are necessary for the labour market, they may not be specialists in developing curricula or using the pedagogical context knowledge that is required to structure collaborative efforts. In other words, concrete methodological development toolkits and promotional tools are viewed as valuable to convince private companies to overcome their short-term profit orientation and engage in matchmaking opportunities. In some cases, even an in-kind contribution may lead to considerable results (e.g. private-sector participation in the development of educational content in Ukraine). The introduction of effective management schemes can ensure the improved effectiveness and quality of VET provision (e.g. trust management in Kazakhstan). In other cases, tangible financial investments have proved to be essential (e.g. centres of excellence in Jordan and privately established training facilities in Serbia).

Very often, contributions from donors, brokers, business development agencies, clusters of companies and employers' associations prove helpful in developing strategies with the private sector. Financial and/or technical support from development partners is regularly seen as a precondition for the appropriate conceptualisation of a PPP in a particular context and as a useful impetus for launching cooperation.

## Legislative and regulatory concerns

The existence of appropriate legislation to regulate the rights and responsibilities of parties establishing a PPP helps to enhance successful cooperative behaviour. As noted above, however, such legal preconditions are not a necessary starting point for the achievement of a successful PPP. While the founding conditions in the four countries differed substantially, PPP practices have emerged in all of them. That said, regulations can help to increase the level of mutual trust when parties get to know one another, assess the possible risks and benefits, and translate them into a clearly stated agreement for a certain PPP case. Engaging in trust-enhancement measures, which may include meetings or events where partners can work together, and making pledges and commitments, which lay out a clear framework for follow-up and monitoring, help to initiate more effective and sustainable partnerships.

Our analysis demonstrates that the role of the state is important in creating the conditions for a PPP to take off, although strong centralisation in governance can sometimes have a negative effect on PPP effectiveness (e.g. the PPP cases in Jordan) or it can substantially limit the further development of policy dialogue and the establishment of new PPPs (e.g. the case of the Employment and Technical and Vocational Education and Training (E-TVET) Council in Jordan). More broadly, an important regulatory issue relates to the preparedness and culture of the public administration not only to share risks but also to delegate a certain degree of authority and management capacity to their private partners at a lower level, including decision-making and fiscal management, while also giving them a certain degree of autonomy and independence. In countries with large informal economies, the partnership and participation of not-for-profit organisations at the local level could be assisted with specifically targeted measures.

## Experimental governance

When designing the most appropriate models for a given context, it is advantageous to pilot PPP types prior to introduction throughout a country. The design thinking of new PPPs can then be generalised to the societal or system level. Any diffusion and replication of existing models, such as the German dual model for example, may be limited without strong adaptation, since practices that are effective with particular private partners might not be applicable in a partnership with others, depending on the size of the company, branch or sector involved. Moreover, in large countries such as Ukraine or Kazakhstan, considerable regional variations occur.

The conceptualisation of PPP types and the modelling of variant cases can contribute to a common understanding of the potential for PPP types throughout a country. The international community may also benefit from a proper structuring of PPP cases. The development of monitoring and evaluation frameworks, as well as the tracking of learners engaged in PPPs, will provide data for a cost-benefit analysis, which together with other related information can help significantly in assessing their real impact, making adjustments, and attracting new partners or developing new partnerships.

Introducing effective mechanisms for proper accountability, monitoring and evaluation is a complex exercise in countries where the necessary expertise is lacking. International technical support and donor assistance can be helpful in illustrating the experimental stage of development and the stage of institutionalisation and evolution. Countries may also take their own initiative to create funding opportunities, seeking inspiration from mutual learning to develop legislative and financing mechanisms.

## Overview of the four countries

**Jordan** has three types of PPP. First, sector skills councils have been set up in various sectors (e.g. garments, chemicals and beauty, tourism and hospitality, water and energy, logistics and ICTs) in order to improve labour market intelligence, match demand and supply, raise productivity, and monitor and evaluate the progress and results of training. Second, VET centres of excellence have been developed. Third, Jordan's Chamber of Commerce is now responsible for the delegated management of workshops in public vocational training centres. To meet these ambitions, various organisational forms are perceived to have been successful. In each case, the focus is on whether the particular labour market needs are being met, whether there is enough input from participating stakeholders, and most importantly whether the training is relevant, efficient and up-to-date, meets international standards, and is supported with sufficient equipment, training material and resources to facilitate learning practices. Also crucial is whether the governance structure provides for quality assurance and flexible mechanisms to carry out additional adaptation of the skills provision.

In **Kazakhstan**, the starting conditions for PPP are less favourable for a number of reasons. A lack of staff, a brain-drain of expertise and minimal professional standards all lead to low motivation among personnel and skills shortages in infrastructure and the material and technical base. Ineffective management structures hamper competitive skills standards and result in a lack of financial resources. Public partnership programmes are generally considered to be underdeveloped. The law stipulates that employers can participate in the development of the state's compulsory education standards, model curricula, and programmes. Indeed, private partners take part in various national bodies. In addition, employers can play a role in the teaching of quality assurance processes at colleges and in the assessment of professional degrees. However, employers have no role in the governance of technical and vocational education and training. PPPs appear to be emerging in dual education, dormitories and catering, and trust management sectors. There are some polytechnics, such as the Ural College of Gas, Oil and Industrial Technologies and Kazakhmys Corporation, which provides training in public utilities like the mining sector to some 580 students every year. Another partnership is with Ust-Kamenogorsk in the building industry. In addition, five cases of trust management involve

public VET colleges that receive private support. Specifically, companies make monetary investments, provide equipment and ensure the practical training of students, as well as the retraining of teachers. Companies are also involved in curriculum redesign, the training of students and the assessment of learning results.

In [Serbia](#), there is a firm legal basis for PPP development. In addition to legislation on PPP and concessions and on public procurement, some education-related laws (on the foundations of the education system, on the national qualifications framework, and on dual education), also include provisions that regulate PPP in education. The provisions, however, do not clearly stipulate the scope of PPPs in education and training, nor do they give clear fiscal incentives for private partners to invest in education. In general, social dialogue in the field of VET and skills development is not well developed. Even though formal structures have been institutionalised in the Council for Vocational Education and Adult Education, the social partners' actual influence on decision-making, specifically on VET policy, is limited. The PPP cases in Serbia, which are mainly VET provision-oriented with some resource-oriented and knowledge-oriented elements, have developed at the local level. They have come about primarily in response to labour force demand and the need to improve the relevance of learning outcomes (specifically practical skills) to meet the requirements of employers. Only one case, the Institute of Field and Vegetable Crops, is production-oriented where the development of skills is an associated need. For two of the country's PPP cases (Cluster FACTS, which is related to the preparation of specialists for the fashion industry, and E2E, which uses an innovative scheme for the transition from education to employment), the initiatives have proceeded in accordance with the Law on Dual Education. The other case (HORES Academy, which focuses on the training of specialists in the hospitality sector) is based on the Law on Adult Education. In each case, the PPP is formalised through contracts or at least has the support of a Memorandum of Cooperation. The motivation of both parties – private and public – is strong in all of the PPPs and their level of sustainability is high. The private sector provides the principal investment in all cases, while public funds are invested only in the Institute of Field and Vegetable Crops. The evaluated PPP cases show good potential for enhancing further social partnership in VET at a system level. In fact, not only are institutionalisation elements present (conceptualisation, legislation, formal basis), but also the actors have learned to a significant extent to play their role by engaging in the practice of policy dialogue. The motivation for a skilled workforce is an effective driver, especially on the private-sector side. The Cluster FACTS case has the potential to lead the way for Serbia's newly emerging sector councils.

PPPs in [Ukraine](#) are not built on long-established traditions of social dialogue specific to VET: the country has only regional VET councils with a rather limited scope of responsibilities, while the VET institutions' own supervisory boards are still emerging. At the same time, there are many examples of well-established, formalised partnerships between private partners and the Ministry of Education and Science and between private partners and individual VET institutions. All of the partnerships lead to tangible results for PPP development. The two main types of PPPs are the internship programme for VET students in enterprises and the training-practical centres. Both initiatives are well conceptualised, regulated and formalised via agreements and memoranda. The private sector is strongly motivated to develop partnerships, either because of labour force demand (in the first case) or to promote their own product (in the second case). VET student internships in enterprises is a requirement of VET curricula. As a result, all VET students are involved, more or less productively, in the scheme. When it comes to training-practical centres, there are currently more than 100 centres in the country, 87 of which are funded or co-funded by private companies. A third type of PPP involves the participation of employers in the development of education content through formally established working groups in which the private sector invests time and knowledge without remuneration.



## A brief note on learning outcomes

The analysis of learning outcomes is relatively limited, because we lack many of the detailed elements needed to develop the analysis in full. However, we can provide a short summary of the most notable highlights of policy learning outcomes (what), learning practices (how) and learning experiences (who), which are explored below for the various PPPs in the four countries.

In Jordan, the experience is too new and the results are often still unknown. For the chambers of commerce project, however, the learning outcomes relate to the modern technologies that have been introduced in school workshops. For the sector skills councils, the learning practices are expected to lead to up-to-date information on the skills needs of industries. For VET colleges, the learning experiences include the improved skills of graduates in line with industry needs.

In the dual education project in Kazakhstan, the learning practices relate to on-the-job learning accompanied by school-based theoretical instruction, while the learning outcomes relate to apprentices who are placed in jobs by companies. Most of the graduates have a high job-placement rate and the companies benefit by ensuring that they have a qualified workforce. The conclusion is similar for the dormitories, where mutually beneficial cooperation occurs between the state and the private sector. The learning experiences ensure both a social good (dormitory places) and a commercial benefit (revenue for the private partner). In the last case involving trust management, the learning outcomes relate to ways of sharing authority and responsibility at the decentralised level. The learning experiences include increased efficiency in the operation of VET colleges.

In Serbia, similar types of outcomes have been mentioned. In the vegetables and crops sector, mutually beneficial cooperation has been documented between the state and the private sector. The learning practices include the practical training of goods producers (private partners), while the learning experiences point to the production of necessary goods for the public partner and a commercial benefit for the private partners. In the E2E project, the learning outcomes relate to the establishment of local networks of training providers, companies and broker NGOs. The learning practices include on-the-job learning at companies accompanied by theoretical instruction delivered by accredited VET providers, resulting in local development. In the last two projects involving Cluster FACTS and the HORES Academy, the learning outcomes include ways of achieving mutually beneficial cooperation between the education sector and the private sector. The learning practices in Cluster FACTS include on-the-job learning accompanied by school-based theoretical instruction, whereas at the HORES Academy strongly job-targeted practical training takes place. Both of the last two cases have given rise to a high job-placement rate for graduates and the assurance of a qualified workforce for companies.

The set-up of training centres in Ukraine exhibits comparable private and public initiatives for the provision of training. The learning practices include practical training in properly equipped workshops at public VET schools, where graduates develop relevant practical skills and private companies promote their products. In the internship programme, the mastery of practical skills has shifted from the formal practical courses of the past to real apprenticeships in companies. The learning practices include on-the-job learning at companies accompanied by theoretical instruction delivered by VET schools, while the learning experiences include the proper implementation of national curricula and a qualified labour force for private companies. Finally, the examples of content development show effective cooperation between the state and the private sector without financial investments, resulting in the improved relevance of VET content in relation to labour market needs.

## 4.7 Final evaluation

PPP in the field of vocational skills and labour market matching is driven by one underlying ambition: help participating organisations to meet the need for skilled labour. This aim requires a sound analysis of the underlying trends that affect the demand for skilled labour and the quantity and quality of the labour supply. When either the government or companies fail to invest, skills shortages and matching problems can emerge in the labour market. These problems are often wicked; they can have many causes, and improving or solving an issue requires addressing a number of important conditions of strategic relevance. Overcoming these issues calls for cooperative efforts at different levels of aggregation by companies and schools in a particular branch of the economy, first and foremost in relation to local labour markets, but also in relation to collective skill formation as a whole. What is needed and what can be achieved in a particular country is influenced by institutional conditions, making the issue of skills mismatches a matter of national concern.

Fast-changing technological requirements in work processes, a skewed demographic composition, unevenly spread labour mobility and austerity in government spending have all raised the need for public education to adapt. They have also heightened the urgency for PPP in lifelong training and education. In addition, some countries seek to address other related and intractable policy problems, such as the digitisation of workplaces, the rising costs of health care, the lack of IT competences, the need to update training facilities and the call for increased labour market mobility within and between sectors. However, even these examples often relate to a skills challenge or a mismatch between supply and demand. In summary, the various case studies offer a variety of prominent examples that show joint public–private action to improve labour market statistics and analysis, as well as private participation in the skills provision, the management of initial and continuing training providers, and the labour market matching. Only a minority of the examples mention the emergence of social enterprises or the role of PPPs in the technical hot-spots of innovation hubs.

Overall, the analysed PPP experiences have two core dimensions to draw lessons from. The first dimension is policy learning, that is in this context, how to build a successful PPP that can develop over time and become sustainable. PPPs are initiated by constellations of actors and in their design they likely emerge in four subsequent stages. Since time horizons vary, actors address three key issues that have been examined in this chapter: the cooperation dilemmas of the actors involved, the requirements and conditions of government legislation and coordination, and the nature of experimental governance, including the assessment of PPP results. In countries with an established cooperation practice in VET, the learning outcomes should be viewed through the lens of a relative continuity, whereas in the newer cooperation experiences, reflections take place in a context of VET systems that are undergoing significant reforms. In the first country group, PPPs sometimes are permeated within the education system and form a structural characteristic of work-based learning, as the dual training in Germany illustrates. In Israel and Norway, these PPPs are strongly institutionalised and dynamically evolving in particular sectors. In this country group we also note that political entrepreneurship matters to innovate the VET system from outside, when searching for institutional niches to establish new initiatives, as appeared in France, Morocco, the Netherlands and Sweden. The Australian, Belgian and Italian examples, though different in design and impact, highlight the importance of PPPs in labour market policies. In contrast, in the second country group political entrepreneurship occurs in a context of recent tradition of social partnership in VET, notwithstanding PPPs have been created, sometimes with help of donors.

The second dimension involves a reflection on the learning outcomes, practices and experiences of PPPs. What effective public value has been reached in the exchange between learners, teachers and companies at policy and programme level? We may conclude that PPPs are on the rise, implying that public and private actors take part in the delivery of public services in view of long-term benefits for the society. We also note that the overall level of learned skills as a VET policy outcome has remained



more implicit in the present study, compared to the focus on the governance angles of VET-related PPPs. Notwithstanding, the partners interviewed in Germany, Israel and Norway expressed no doubts about the importance of work-based learning and apprenticeships in the framework of their PPPs. In France, Morocco, Netherlands and Sweden, the respondents validated the importance of the new innovative networks of regional cooperation between schools and companies. In Australia and Belgium as well as in Italy, the social policies and labour market intelligence improvements appear to be well received, also by local government agencies. The examples of the newer cooperation experiences show substantial progress, though it is too early for evaluating the impact of PPPs on the quality of skills. It requires further study to determine the precise effects of these joint endeavours on learning processes, and possibly on how schools and private actors use their pedagogical and didactical expertise to overcome underinvestment in skills development.

Not all of these policy learning and public value dimensions can be transferred from one policy context to another, since the steering of decision-making processes and actions towards desired outcomes depends on the actors' motivations, contingencies and mechanisms of skill provision. However, PPP experiences may inspire cooperation and learning experiences in other contexts, while avoiding policy 'export' or 'transfer'. As a general rule, it is necessary to understand the underlying conditions that allow PPPs to develop, their typology and various characteristics. In fact, the comparison between country groups has shown that the initial PPPs developed in Jordan, Kazakhstan, Serbia and Ukraine have more differences than similarities with the PPPs in the countries that have a long-standing tradition of public-private cooperation in VET. Policy learning can be powerful if differences are taken into account, together with a meaningful identification of the stakeholders and their motivations.

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# CHAPTER 5.

## CONCLUSIONS AND RECOMMENDATIONS

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In this report we have portrayed the growing public–private partnership (PPP) practices in the field of vocational skills development in various contexts. This rise can be understood as a response to increasing mismatches between the supply and demand of skilled labour in labour markets, both in quantitative and qualitative terms. In European countries these forms of partnership often have a long track record within a system of institutionalised relations between governments, public schools and business organisations. Though varying in content and impact, we also note a rise in these partnership structures in countries where such public–private cooperation experiences in VET and higher professional education are relatively recent or are being re-shaped on a new basis. The latter is the case of countries that dealt with the dysfunctions of the command economy, where VET reforms have been guided by new visions and assumptions concerning public–private relationships.

### 5.1 Revisiting the definition of PPPs in VET

In contrast to mainstream international definitions of PPPs in infrastructure and public works, this study relies on an outcome-oriented concept of PPP. At the same time, it presents new elements derived from its empirical analysis that enrich the operational definition of PPPs in the skills field<sup>14</sup>. The study identifies the following distinctive characteristics of PPPs for skills development:

- The actors' **awareness and motivation** to improve skills and employment levels is the main driver of the partnership, and this goes beyond or adds to the financial incentive of achieving return on investment. The private sector is motivated to address skills shortages and mismatches, in order to overcome market externalities, and therefore has a stake in the quality of skills. This implies a common public–private understanding about the role of skills, hence skills become an area for a social dialogue practice.
- The partnership is **open to new members**, who integrate activities horizontally and vertically. In fact, involving both individual businesses and their associations, together with individual VET providers and their managing public authorities, brings the value of enriched perspectives to the PPP. Besides social partners, civil society actors such as NGOs bring innovation into the collaborations, particularly if a social dimension is considered.
- The partnership can emerge and operate within the framework of the VET law rather than the PPP legislation and its administrative basis can be **a memorandum rather than a formal contract**.
- The **co-financing arrangements cover multiple options** and often a PPP for skills development combine more co-financing modalities and various financial resources.
- The risks in the training domain primarily involve the quality of skills in relation to the evolving demands of the labour market. These **risks are mitigated through quality assurance, monitoring mechanisms and capacity building**.
- The **public partner role** covers more than that of a neutral regulator or service procurer, since it has the ultimate responsibility for the quality of the public good being delivered.

Given the situation of growing labour market uncertainty, countries benefit from having well-balanced VET systems that are capable to perform as lifelong learning systems, to underpin competitiveness and social fairness, and build resilience to be adaptive to changes. Such responsive systems need to

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<sup>14</sup> In Chapter 1, PPPs for skills development are defined as mechanisms for coordinating action and sharing responsibility between public and private stakeholders in VET for formulating, designing, financing, managing or sustaining engagements of common interest with a view to producing results at the level of outcomes (impact) in addition to outputs.

embrace innovation in learning practices to remain up to date. This can be provided with the help of public–private cooperation in gathering labour market intelligence, mobilising resources and instituting joint action in the VET provision itself.

In this report for the first time a number of in-depth case studies are presented as part of an international overview. Our evidence varies within and between countries, as we have documented on purpose diverse initiatives and results across sectors and countries. We propose, as a result, a typology based on three dimensions representing key features of PPPs in the skills field. [Table 5.1](#) shows that each PPP functional type can have various levels of integration in the VET system and different membership modalities, based on the findings from our case studies.

**TABLE 5.1 PUBLIC–PRIVATE PARTNERSHIPS FOR SKILLS DEVELOPMENT – A THREE-DIMENSION TYPOLOGY**

Dimension 1 – functional family	Dimension 2 – scope/integration in the VET system Dimension 3 – membership modality
<p><b>VET provision-oriented PPPs</b>  <b>Content and outcomes:</b>            PPPs are not new in VET provision, in many countries there is a tradition of private actor involvement in public vocational education, indirectly via taxation and directly by providing equipment, teachers and materials. In VET provision-oriented PPPs, the nature of risk sharing goes beyond the financial aspect highlighted in the standard literature: it concerns the quality of learning outcomes, the relevance of skills formation and the employability of young people and adults. Thus, the public side bears greater risks since education is a public good. The inclusion of quality assurance mechanisms in the definition of learning content and its delivery are judged to be crucial.</p>	<p><b>Examples of PPPs’ scope/integration and membership:</b>            PPP centres in VET and higher professional education (the Netherlands) is a VET provision-oriented PPP, with resource- and knowledge-oriented components, it is permeating the system, and open to new members.            Education Office of Oil-related Trades (Norway) is a VET provision-oriented PPP, it is ad hoc, and semi-open (new members only from the sector).            Cluster FACTS (Serbia) is a VET provision-, resource- and knowledge-oriented PPP, it is ad hoc although similar clusters exist in other sectors, and semi-open (new members related to the same sector).            Internships at enterprises (Ukraine) is a VET provision-oriented PPP, with resource- and knowledge-oriented components, it is permeating the system, and open to new members.</p>
<p><b>Resource-oriented PPPs</b>  <b>Content and outcomes:</b>            In the domain of VET, various resources are relevant: for example, funding, equipment, professional staff, subject-matter expertise. Here the motivation of public and private partners and the purpose of the common action are crucial factors in initiating a PPP. The role of the state is generally larger than in traditional PPPs, since it participates in defining the balance between accessibility, pricing and quality for the learners. Co-funding occurs in various ways: the state contribution may exceed the private one (the most frequent model), or vice versa, or there may be a more balanced funding approach over time. In the countries with a recent tradition of public–private cooperation, the public side (the state, a donor) is often the initiator of these PPPs.</p>	<p><b>Examples of PPPs’ scope/integration and membership:</b>            Campuses of professions and qualifications (France) is a resource-, knowledge- and VET provision-oriented PPP, it is partially permeating the system, and open to new members.            Dormitories and catering (Kazakhstan) is a resource-oriented PPP, it is ad hoc, that is, not an integral part of the system, and open to new members.            Delegated management of workshops (Jordan) is a resource- and VET provision-oriented PPP, it is ad hoc, that is, not an integral part of the system, and closed to new members.</p>
<p><b>Knowledge-oriented PPPs</b>  <b>Content and outcomes:</b>            Skill mismatches call for the analysis of the changing demand for qualified labour, in terms of required knowledge, skills and competences. General labour statistics do not supply this kind of granular information, which requires deeper inquiry in work processes, with the help of survey techniques and shop-floor data on skill requirements. In addition, these PPPs are instrumental in ensuring that the data flows into the learning content in a timely fashion, through the updating of standards and curricula.</p>	<p><b>Examples of PPPs’ scope/integration and membership:</b>            Excelsior skills and occupations information system (Italy) is a knowledge-oriented PPP, it is permeating the system due to its width, and closed to new members.            Participation in Education content development (Ukraine) is a knowledge-oriented PPP, it has elements of a permeating system, and it is open to new members.            Education to Employment (Serbia) is a knowledge-oriented and VET provision-oriented PPP, it has elements of a permeating system (with regard to the Dual Education law), and it is open to new members.</p>

## 5.2 Lessons learned

In this study we have identified three functional families of PPPs for skills development. We have seen that the PPPs can be open or semi-open to new partners, which allow for emerging growth of joint action, or closed. The scope of PPPs can be permeating the system, partially permeating or more ad hoc. Our study started from the general hypothesis that a tradition of social dialogue in VET plays a role in increasing the success of these PPPs. The evidence from the study partially supports this proposition. We have indeed seen that social dialogue is a significant factor in countries with large-scale and integrated PPP structures. The dual system in Germany is a case par excellence, but also in Australia, Belgium, France, Israel, Italy, the Netherlands, Norway and Sweden we find a reflection of social partnership in the emergence of PPP models in the context of labour market-driven training that are imbued with a tradition of policy initiatives and trust-enhancing cooperation. Some of these experiences have been established decades ago.

We can also note however that these social partnership structures are vanishing over time. Spurred by the Great Recession after the financial crisis and the associated rise in technologically advanced work practices, governments have redefined the governance and coordination of labour market policies and skills formation. In response to skills mismatches, states tend to share their public space with public schools and industry to improve their labour market intelligence and collective skills provision. This requires political entrepreneurship to search for institutional niches to start something new. Our case studies reveal that this kind of entrepreneurship is found in contexts of both established and recent public–private cooperation in skills formation, although both show different stages of progress.

We have seen that innovative practice in the business networks in France, Netherlands and Sweden appear alongside the formal education system, where business elites plea for changing practice and convince political leaders to take initiative at the local level to start new training programmes. Sometimes pilots are organised through competition for project funding. When established, the innovative part of the training is adjusted and merged into the formal training system. In Australia and Belgium new forms of social policy have been initiated. Where social dialogue in VET is already established, other governance dimensions such as PPP institutionalisation, financing and risk management are also well developed.

Conversely, countries in the process of making significant VET system reforms may create institutional niches to engage in new experiences. Where social partnership in VET is being shaped and roles are not yet well defined, that is, between private sector that defines the skills needs and providers that define the curriculum, the actors initiate niches for innovation. This appears to be the case in Jordan, Kazakhstan, Serbia and Ukraine: initiatives take the form of work-based learning, industry-led training delivery with financial contribution of the private sector, or continuing training that results in joint school management; or the participation of companies in modules or elective courses lead to related certificates in particular branches of the economy. If these initiatives succeed, they may be accepted and formalised. Along with it, partnership receives recognition as a method that can apply to other initiatives. Where social dialogue at national level is strong like in Ukraine, also the institutionalisation of the PPPs in VET move relatively fast.

PPPs initiated and developed by donor organisations are important for their experimental and demonstration role. Their sustainability however rests with the country stakeholders who are the leaders when it comes to creating both framework conditions and operational solutions for PPPs in VET; and notwithstanding may actively learn from peers on issues of regulatory, financing and other sustainability mechanisms. The search for donor cooperation should fit in a strategy, to attract support where it adds to the national initiative and is relevant to the country context; for example in mapping the expertise and roles of all parties involved, developing the trust of the actors and enhancing the quality of the PPP outcomes.

### 5.3 Three general conclusions and questions for research

On the basis of the empirical material there are several conclusions regarding the initiation, establishment and institutionalisation of PPPs. We limit ourselves to three overarching conclusions.

First, this report concludes that policy learning on PPPs is crucial to gaining a deeper understanding of the nature of the various stages through which the awareness of skill mismatches grows and PPPs emerge, become institutionalised and consolidated, and evolve. We have seen that political entrepreneurship is pivotal in cooperation dilemmas, legislative processes and experimental governance that can be designed in various ways to achieve the intended outcomes. Following our hypotheses, some PPPs lead to improvements from within the current VET system, whereas other initiatives lead to refreshing the VET system from the outside in, challenging and enhancing the existing structures of training provision. Further studies can prove these suggestions in more detail.

Second, while the forms and structures of cooperation are being established, the interaction between actors remains essentially dynamic, given the nature and evaluation of training programmes, which always start with learning needs that are then translated into a curriculum, and – depending on the quality of interaction between the actors – lead to the desired learning outcomes. On this front, our findings can offer only somewhat limited information about mechanisms, processes and outcomes for learning with regard to students, workers and members of staff, although the empirical evidence raises a number of relevant future research questions about the coverage and renewal of learning processes. This would require a dedicated research methodology to delve deeper into the sustainability of learning outcomes for those involved. It would also need to evaluate whether PPPs bring VET training closer to the innovation frontier of companies, assess the role played by pedagogy and didactics, and identify how the effort can be organised, who benefits and, conversely, what will happen if actors underinvest in training.

Third, as the introduction notes, the emergence of PPPs has fuelled the debate on governance. When companies face skills shortages and governments lack resources for investment, VET systems may explore the instrument of outcome-oriented PPPs, which in their various forms and types feed into the paradigms not of New Public Management but of New Public Governance, and thus of Public Value Creation. These paradigms seek to rethink how political entrepreneurs and the public and private sectors take part in the delivery of public services and create long-term benefits for the society. In VET policies, such outcomes are expressed as high-quality skills that are beneficial for individual learners, but also for companies and the society at large. Although we lack counterfactual studies, a general question remains regarding whether the implementation of PPPs may become a rent-seeking mechanism, where the participating actors (partially) exploit the national education system. Quality assurance schemes and democratic public value score cards could increase the legitimisation of the joint actions.

### 5.4 Impact of PPPs in countries that are shaping cooperation in vocational education and training

PPPs for skills development are on the cusp of emerging, as revealed by the case studies in the four countries where public–private cooperation in VET is being shaped. Only one of the observed case studies is a PPP in the sense of having the common elements that they usually include.

In these contexts, emerging PPPs are, in their own ways, innovative instruments. They are developing step-by-step, driven by the needs for skills and the motivation of the partners, rather than by legislation or institutional arrangements. The more these PPPs are recognised as part of a legitimate modality for enhancing VET knowledge, provision and resources, the more impact they will have.



The institutionalisation of PPP practice will depend on both the acceptance of experimenting with new forms of VET management and delivery, and active trust building between the public and private partners. Trust takes time to establish but will do so if quick wins in collaborative practice and long-term successes, with learning from failures, are given a chance. When persuading private companies to invest in skills is difficult, often matchmaking with businesses that champion skills has proven its worth.

While international cooperation is crucial, direct policy transfer has major limitations. In fact, having supportive policy frameworks and institutional mechanisms at country or local level is the key to making deep-rooted changes. Based on the analysis and the results of the stakeholder workshops conducted in the framework of this study, the policy pointers listed below can be used to optimise the conditions for the formation and implementation of PPPs for skills development.

- When actors are motivated to engage in PPPs, trust enhancement measures are required, which besides meetings and small-scale actions where partners work together also include pledges and commitments to initiate outcome-oriented partnerships, and need to have a clear monitoring and follow-up framework. Trust builds via collaborative experiences, thus new partnerships could start from existing collaborations and based on their scope and/or membership test diverse dimensions and elements of PPPs.
- The development of monitoring and evaluation frameworks and mechanisms are important in outcome-oriented approaches and can support system-level policy learning. The tracking of learners in PPPs and the matching of learners with public investment create strong data for cost-benefit analyses of PPPs and could significantly help to assess their real impact in order to make the necessary adjustments, along with attracting new partners or developing other partnerships.
- In successful PPPs, the expertise of the involved parties is mapped and the allocated responsibilities are commensurate with the actors' capacities. For example, companies may know better what skills are necessary for the labour market but developing future-proof curricula requires collaboration with education specialists. Recognise that in each of the various steps for institutionalising co-creation, enriched forms of educational leadership will be needed.
- Expertise however is not static and grows over time. Action-learning is a valuable method to develop leadership, dialogue and partnership steering capacity among social partners and other private sector organisations, state institutions and agencies, providers of VET and skills and employment-related services, and civil society organisations in various sectors and at different levels.
- In countries with large informal economies, encouraging local-level partnerships and the participation of not-for-profit organisations can be a specific target. Disseminating the results of the PPPs is helpful, like is the legitimisation of the creation of public value in democratic institutions.

## 5.5 Recommendations

The issues related to the impact of PPPs that are outlined above can be considered as broad recommendations for acting in contexts where social partnership in VET is being shaped or is evolving. We add here specific recommendations that can inspire initiative on the part of country stakeholders at various levels of cooperation, and their international partners.

**National governments** that promote skills development in connection with competitiveness and social fairness policies can:

- enhance motivation and trust by engaging public and private partners in practice- and outcome-oriented initiatives that build on agreements on skills development outcomes, highlighting and assessing concrete potentials and pitfalls of the partnerships;
- mobilise and allocate financial resources to skills development, for example via levy-based funding, training funds and competitiveness funds, and provide incentives for various PPP types



where these ensure high-quality learning outcomes, with appropriate institutionalisation of the PPP concept and regulatory arrangements depending on needs, while remaining open to experimentation at the level of PPP contracts, pledges and commitments;

- foster approaches to risk management through adequate legal instruments and quality assurance systems, enhanced expertise and capacities of the public services on skills policies and measures, monitoring by objectives and sustainability plans; advance policy evaluation to assess the quality of the outcomes for the learners and the effectiveness of the policy measures. With that, allow initiative and niches of innovation and experimentation that have a monitoring and follow-up framework.

It is suggested that [regional governments](#):

- organise dedicated learning infrastructures, including housing, training halls, laboratories, living labs and equipment with access to the relevant locations preferably on foot, by bicycle or with public transport, mobilising financial resources for example from regional development and sectoral funds, or local-level skills and employment levies;
- enable networks of companies and schools, and promote research and development as well as technology hubs and other knowledge development in a way that is consistent with the objectives laid down in relevant strategies for example regional development or smart specialisation strategies;
- allow for niches of innovation and experimentation, developing joint action plans with local business and their associations, inviting public leaders to promote flagship and walls of fame initiatives, and developing action plans with social partners and civil society representation to ensure that the outcomes of skills development partnerships benefit all learner groups.

[Companies and their branch organisations](#) may consider:

- initiating and nurturing a learning culture and new learning arrangements within companies, relating to VET training centres and co-creating a joint vocabulary with VET schools to adapt training programmes to evolving labour markets;
- investing in equipment and educating internal staff on new pedagogical and didactic developments;
- contributing to evaluating progress with the help of reflexive monitoring and documenting achievements.

[VET, higher professional education and lifelong learning providers](#) should:

- promote work-based learning in agreement with participating companies, thus enabling learners to become socialised citizens with professional skills; promote lifelong learning and life-course training routes, including with the help of blended or online training and learning environments;
- create niches for innovative education programmes and work on curriculum development; train and professionalise staff members and invest in educational leadership to ensure that teachers, trainers, mentors, coaches and technical staff benefit from professional development;
- advance meta-cognitive, pedagogical and didactic approaches for workplace learning and establish sessions for thoughtful reflection about the opportunities and pitfalls of joint partnerships compared to standard education routes.

The [EU, international organisations including the International Labour Organisation, UNESCO and the OECD, development banks, as well as bilateral donor agencies](#), can:

- promote outcome-oriented PPPs that go beyond the approach of a mere separation of roles between the public and private sides in the skills development process, and enhance policy learning by mapping and comparing PPPs depending on their added value to skills development,

within broader policy frameworks, for example the European Skills Agenda and the Sustainable Development Goals;

- connect the VET systems with the dynamics delineated in macro-economic, technological, demographic, digital and environmental trends, and with the findings of research;
- encourage national and international learning for all the actors involved in PPPs – public and private, national and sub-national, sectoral or cross-sectoral, profit and not-for-profit actors – with a focus on ensuring their equal access to these learning opportunities.

# LIST OF ACRONYMS

<b>Cedefop</b>	Centre européen pour le développement de la formation professionnelle (European Centre for the Development of Vocational Training)
<b>E2E</b>	Education to Employment project (Serbia)
<b>ETF</b>	European Training Foundation
<b>EU</b>	European Union
<b>HPE</b>	Higher professional education
<b>ICTs</b>	Information and communication technologies
<b>IT</b>	Information technology
<b>IVET</b>	Initial vocational education and training
<b>NGOs</b>	Non-governmental organisations
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>PPP</b>	Public–private partnership
<b>SDG</b>	Sustainable Development Goal
<b>SIB</b>	Social impact bond
<b>UN</b>	United Nations
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organisation
<b>VET</b>	Vocational education and training

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