

In-service training and retraining of adults

Are the funds granted by the European Union used to improve the qualifications and competitiveness of workforce?

Report of the National Audit Office to the Riigikogu
Tallinn, 17 September 2010

Summary of audit results

The objective of the audit conducted by the National Audit Office was to assess whether or not use of the funds allocated for in-service training and retraining of adults has been expediently planned and whether the training helps to make workforce more active and bring more specialists to the labour market.

The competitiveness and skills of Estonian workforce have once again become an important issue as a result of recession and high unemployment. The need to improve the qualifications of workforce is again widely discussed. Access to the structural funds of the European Union has improved the opportunities of in-service training and retraining of adults and increased the amount of money available for this purpose.

The total amount of the support measures audited by the National Audit Office (covers mainly the period from 2008 to 2013) is almost five billion kroons, and almost two billion kroons of this amount is spent on training.

The National Audit Office finds that the organisation of in-service training and retraining of adults is not systematic or thought through, and it does not support the acquisition or improvement of qualifications. Although the state is spending almost two billion kroons on adult training between 2008 and 2013, it has not managed to reach a consensus on the kind of qualified workforce that is needed in the changing economic environment. The state also lacks an overview of the training that has taken place, the money that has been spent and the results that have been achieved, all of which are needed for the planning of further training and assessment of results. The main observations are as follows:

■ **There is no centralised management of adult education on the level of state.** The National Audit Office ascertained that at least 16 agencies and 25 support measures deal with the financing and organisation of in-service training and retraining for adults. Coordination of adult training should be coordinated by the Ministry of Education and Research, although in practice the activities of a number of agencies have been sidelined in this. For example, the Development Plan for Estonian Adult Education 2009-2013 does not incorporate activities in the areas of government of the Ministry of Agriculture, the Ministry of the Interior, the Ministry of the Environment or the Government Office, even though a total of approximately 800 million kroons in funding is planned to be allocated to them for the organisation of in-service training and re-training for adults (i.e. almost 40% of all funding planned for adult training in different measures).

Due to the lack of centralised management, agencies are identifying training needs and planning and assessing training separately, rendering the system inefficient. This results in overlaps of development activities and training. At the same time, information about training opportunities is often hard to find. People have to find their way between various sources to find information about training that suits them.

■ **The goals of adult training focus on quantity instead of quality.** The main goal set in the Competitiveness Plan 2009-2011 as well as the Development Plan for Estonian Adult Education 2009-2013 is to increase the share of people taking part in lifelong learning to 13.5%. However, this figure does not reflect the actual rise in qualifications of the workforce, as it merely shows how many people are taking part in training. The strategic goals related to the acquisition and improvement of qualifications cannot be achieved through the activities of the Development Plan for Estonian Adult Education 2009-2013, since their fulfilment primarily depends on the activities of vocational education schools and universities in offering formal training.

The number of people taking part in lifelong learning in Estonia has increased considerably in recent years. The reason for this may be that people are more active in improving their skills and knowledge, as the funding provided for this by the state has increased considerably. However, changes in the manner data are collected have helped the indicator improve, as the majority of the increase in the indicator is associated with participation in formal education acquired within the adult education system, not participation in adult training. The interest in learning, which appeared in the same period as recession, may remain temporary.

■ **Identification of training needs is still problematic.** The mid-term forecast of the need for workforce prepared by the Ministry of Economic Affairs and Communications gives no clear input for identifying the need for state-commissioned education, as it is very general, relies primarily on figures from past periods and the resulting trends whilst failing to consider priority economic areas or structural changes. The state has also failed to develop a clear method for obtaining the input required from employers to identify the need for state-commissioned education.

As a result, those providing funding are placing orders for state-commissioned education as they see fit, with those providing the training largely deciding on its content.

■ **There are very few courses aimed at the acquisition and improvement of qualifications and retraining.** Adult training courses are predominantly short. Only a very small proportion of courses end with the participants taking a professional examination. Very rarely is it assessed whether and how the training contributed to the growth in competitive ability of the workforce or their acquiring new skills. Quality assurance systems remain undeveloped. Therefore, it is impossible to say whether and to what extent Estonian workers have acquired or improved their qualifications in the course of training.

■ **There is no overview of the money spent or the results achieved.** No one has been able to calculate the total amount of money spent on this area, as there are many parties in adult education and the money of the private sector as well as people themselves is involved in addition to the funds allocated by the state and the European Union. Even the state itself does not really know how much money has been spent on the achievement of the goals highlighted in the Development Plan for Adult Education, how much it is spending now and how much it should plan to spend in the future, as the number of parties is high and everyone keeps account of money in their own way. There is also no comprehensive overview of what training has been organised and what it has helped to achieve.

The National Audit Office advised to improve coordination in the area. Better coordination and the development of quality assurance would also help to ensure that funds are used more economically and efficiently. More funding should be given to training aimed at acquisition and improvement of qualifications and retraining as Estonia's goals are to improve its competitiveness and achieve economic growth.

Responses of auditees

The National Audit Office submitted the audit report to nine audited agencies for their comments and to six ministries and the State Chancellery for responses to its recommendations. The National Audit Office specified and corrected the text of the report on the basis of the responses it received, but its standpoints remained unchanged. The National Audit Office would like to point out that the opinions given in the audit report are generalised and may not apply to single cases. The examples given are illustrative as the extent of the audit is vast, which is why no attempt has been made to describe everything occurring in adult training.

The auditees agreed with the need to improve cooperation to avoid overlaps and fragmentation in training and to use resources more efficiently. A better overview of the area would help to plan and coordinate single activities better. The Minister of Education and Research is prepared to step into a coordinating role if this is deemed necessary and practical by other ministries and relocation of money and human resources is possible. The Ministry of Education and Research is hoping to resolve many problems (such as the lack of centralised quality assurance) with the amendments to the Adult Education Act that are currently being prepared. The Minister of Economic Affairs and Communications explained the problems in preparing the forecast of the need for workforce and promised to continue further development of the forecast to ensure it can be used more as a basis for state-commissioned education.

Many of the auditees disagree with the National Audit Office's opinion that training activities do not comply with the goals of adult education and there is not enough training aimed at the acquisition and improvement of qualifications and retraining. The auditees also disagree with the statement that assessment of the results of monitoring and training is not up-to-date or relevant.

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