



Research

FEBRUARY 2025

VOCATIONAL EDUCATION IN GEORGIA

Economic Outlook and Indicators in Georgia

Issue #150



MAIN FINDINGS

- Over the past decade, Georgia has prioritized strengthening vocational education and training (VET) through enacting reforms aiming to align it with European standards, introducing modular and dual programs, and establishing the Skills Agency Georgia to boost private sector involvement.
- Stricter authorization standards have improved VET quality but also led to a significant reduction in the number of private VET institutions, from 73 in 2017 to 41 in 2023.
- The "New Vision" initiative has been adopted, aiming to integrate VET programs into schools. In 2024, as part of this initiative, VET programs have been introduced in 20 pilot public schools, leading to an increase in the number of public VET institutions from 37 to 56.
- State expenditure on VET tripled between 2017 and 2024, with its share in total education spending rising from 3.1% to 4%. In 2024, GEL 118 million was allocated to VET, narrowing the gap with higher education funding (GEL 173 million).
- Registration rates have fluctuated, first gradually declining from 2017 to 2020 due to the closure of several private institutions and the beginning of the COVID-19 pandemic and then rebounding to reach 30,583 registered students by 2023. In the same year, 15,547 students were admitted, bringing the total number of active students to 37,933, including 19,172 males and 18,761 females.
- Despite the increase in registrations, the number of admitted students has not risen correspondingly, leading to a widening gap between registered and admitted students.
- The transition from secondary school to VET remains challenging, with 10.6 times more students opting for higher education, albeit the number of registered VET students has grown.
- From 2020 to 2023, the number of active female students aged 25 or older increased by 84%.
- The employment rate for VET graduates improved between 2017 and 2022, rising from 60% to 81%, with a 10 pp higher employment rate for male graduates compared to their female peers.
- The share of graduates employed in their field increased from 42% in 2020 to 53% in 2022, which could be attributed to better alignment of VET skills with labor market demands.
- In 2022, dual program graduates had a 10 pp higher employment rate compared to modular program graduates, underscoring the value of work-based learning.
- From 2020 to 2022, the share of VET graduates in middle-level and upper-level positions rose by 3 pp and 1 pp, respectively, while for lower-level positions it decreased by 3 pp.
- Mining, tourism, and architecture VET graduates have the best employment rates, with over 90% of them employed, while social sciences (71%) and beauty services (70%) lag behind in this regard.
- Employers highly value VET graduates, with 87% of them agreeing that they play a key role in operations, although nearly one-quarter of them also cite difficulties with respect to graduates' motivation, work ethic, and skills.

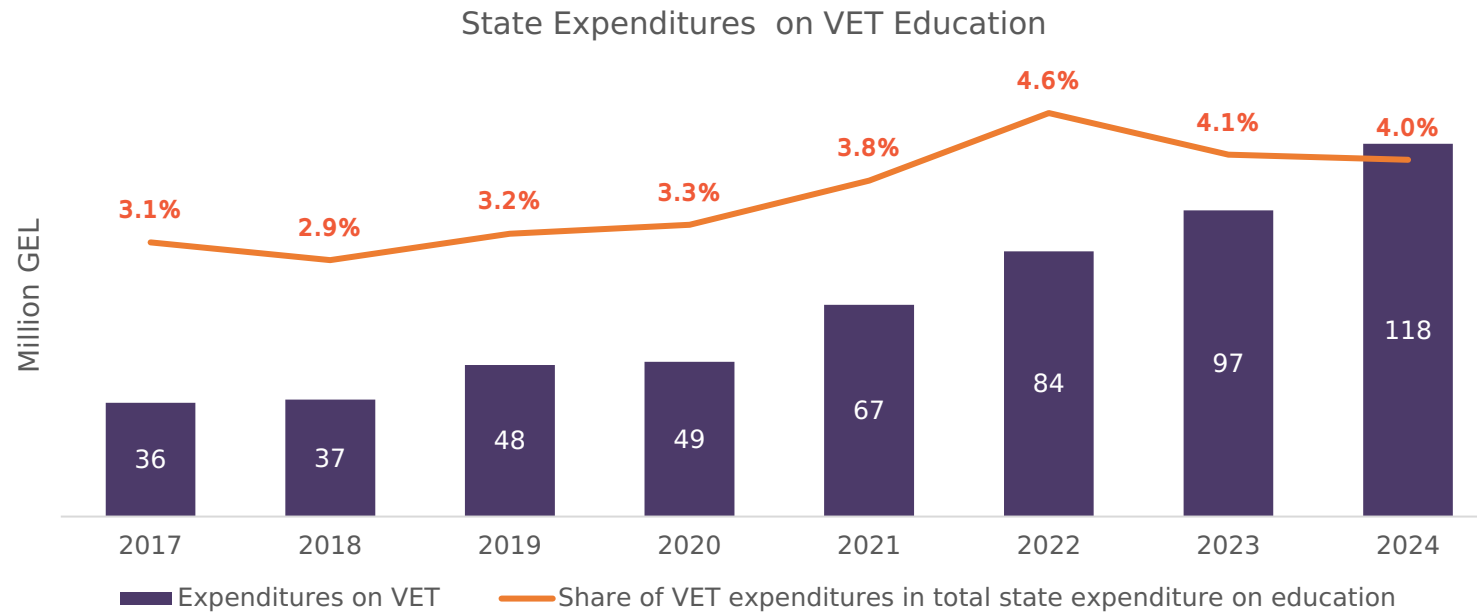


POLICIES AND REFORMS

- The adoption of the European Qualifications Framework was an important element of the vocational education reform in 2021-2022, aimed at bringing the system in line with European standards.
- Links between VET and other forms of education have been established, integrating general secondary education into vocational training. After completing their basic education, 9th-grade students can move on to VET institutions and study both VET programs and regular school subjects simultaneously, allowing them to earn certifications for both.
- An adult education system has been developed, offering short-term vocational programs and mechanisms to deliver non-formal learning outcomes, with key goals including raising public awareness about lifelong learning and building a strong network.
- Public and private VET providers have become better aligned with each other, with private institutions gaining access to state funding and a unified enrollment system allowing students to apply to both public and private vocational institutions since 2021.
- To enhance private sector involvement, all programs introduced since 2019 have applied a modular approach, better accommodating labor market demands and putting an emphasis on practical, outcome-oriented learning.
- According to the 2022-2030 Unified National Strategy of Education and Science of Georgia, up to 45 dual education programs, involving over 50 private companies, have been launched, where at least half of the learning occurs in real work environments.
- A new vocational education governance model, based on public-private partnership, led to the establishment of the Skills Agency Georgia, with the primary goal of increasing private sector participation in VET.
- As part of the "New Vision" initiative for vocational education, the integration of vocational training into public schools began in 2023.* Currently, 20 pilot schools offer six programs, and approximately 300 VET teachers have undergone multi-stage training.
- The 2022-2030 Unified National Strategy of Education and Science of Georgia identifies several challenges within the VET system. These include its small scale, low participation rates, limited support for employment transitions (e.g. career guidance), and insufficient integration of essential soft skills** into programs.

* State budget priorities and programs (program code 32 03 01).¹

** Soft skills include abilities such as problem-solving and creativity.



- Since VET became a greater priority, funding therein has increased substantially, growing from GEL 36 million in 2017 to GEL 118 million in 2024, with an 18.5% compound annual growth rate (CAGR).
- Notably, spending on VET has neared that of higher education. For instance, in 2017, expenditure on higher education (GEL 146 million) was four times greater than on VET (GEL 36 million). By 2024, this difference had narrowed

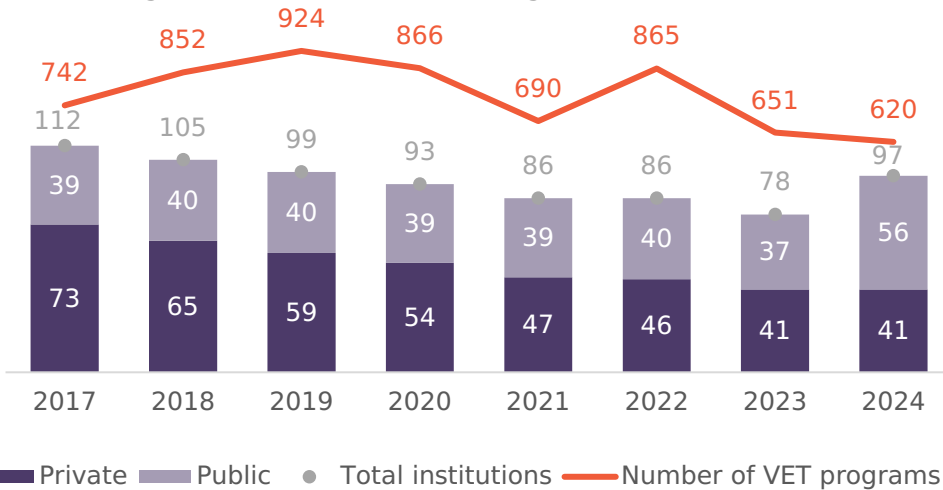
to just 1.5 times, with GEL 173 million allocated to higher education and GEL 118 million going to VET.

- The share of VET expenditure in total state expenditure on education increased from 3.1% to 4.6% in 2022, but then decreased slightly to 4.0% in 2024, primarily due to faster growth in other forms of education.

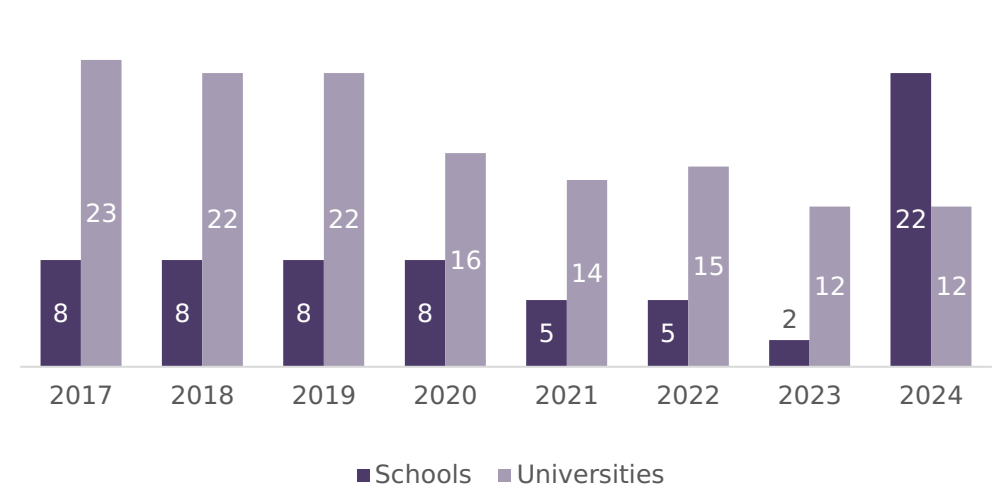


NUMBER OF VET INSTITUTIONS

Number of Educational Institutions Providing VET Programs and Total VET Programs (2017-2023)



Number of Schools and Universities Providing VET Programs (2017-2023)



- With increased funding has come a greater focus on ensuring that the quality of VET institutions meets baseline standards. In 2017, a total of 112 educational institutions, including schools, colleges, and universities, offered VET programs. At the time, private institutions outnumbered public ones, but this trend has gradually been reversed as state-led quality control measures have seen the closure of several private institutions. For example, during 2018-2019, five private colleges had their accreditations revoked.² From 2017 to 2023, the number of private institutions declined significantly from 73 to 41. Universities offering VET programs followed a similar trend, highlighting the significant challenge posed by having to meet new authorization standards, especially for private universities.
- In contrast, the number of public institutions remained

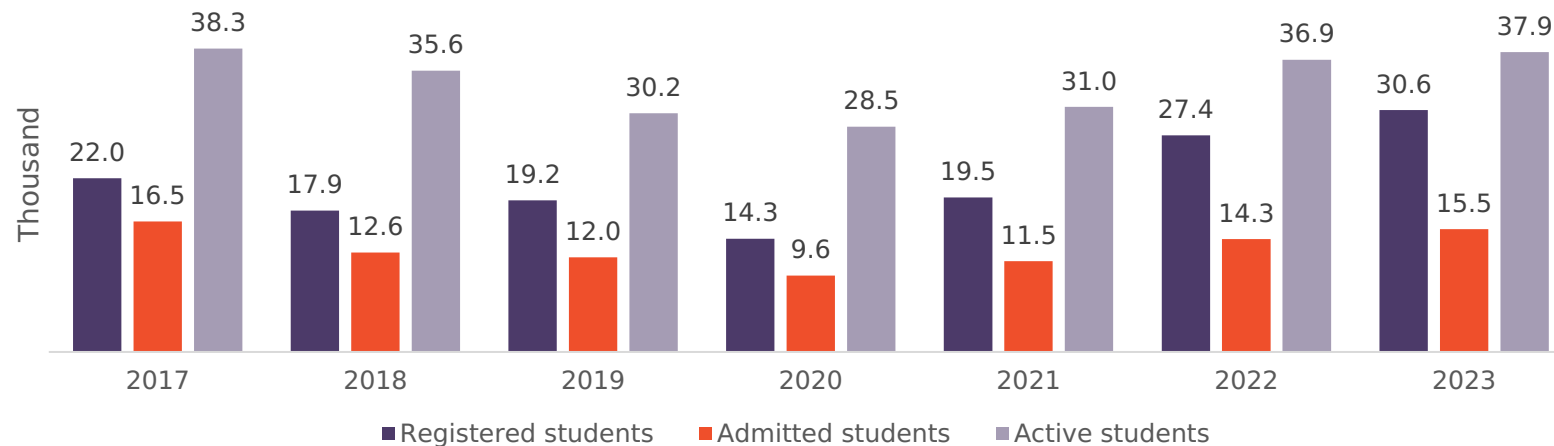
relatively stable until 2024 when it increased significantly from 37 to 56. This growth here was driven by the integration of VET programs into public schools as part of the "New Vision" initiative, with 20 pilot schools adopting VET programs in 2024.

- The number of available VET programs fluctuated between 2017 and 2024, rising from 742 to a peak of 924 (in 2019) and then ultimately declining to 620. This could also be attributed to the implementation of stricter accreditation standards.
- These trends highlight the consolidation of private institutions alongside an expansion of public VET options, reflecting increased state involvement in the development of the VET sector.



NUMBER OF STUDENTS

Number of Registered, Admitted and Active Students



- As the number of VET institutions has declined and their geographical coverage has narrowed, the numbers of registered, admitted, and active students have fluctuated. Between 2017 and 2020, all such figures saw a significant decline, partly due to the VET system's shift toward modular programs, which extended the average program duration from nine months to 1.5 years. The longer duration discouraged many individuals, who preferred shorter courses that would enable them to enter the workforce more quickly. In 2020, the COVID-19 pandemic further disrupted the registration process.
- After the end of the pandemic, interest was renewed in VET, leading to the near doubling of registered students between 2020 and 2022.
- Despite the increase in registrations, the number of admitted students has not risen correspondingly, leading to a widening gap between registered and admitted students. For instance, in 2023, only half of the registered students were admitted.
- A potential reason for this gap is that 30% of registered students did not show up for the exam,** while others struggled to meet the entrance exam requirements.
- The capacity utilization rate* increased from 76% to 82%. However, 3,350 places remained vacant. In the end, 15,547 students were admitted in 2023, bringing the total number of active students to 37,933, including 19,172 males and 18,761 females.

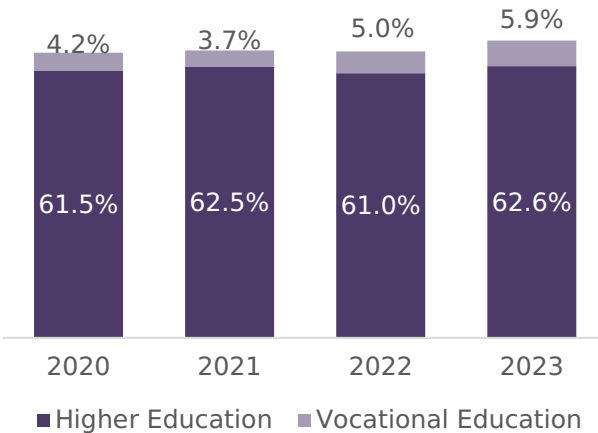
* The capacity utilization rate is calculated by dividing admitted students by admission capacity, which was 15,200 in 2021 and 18,900 in 2023.

** Skills Agency Georgia.

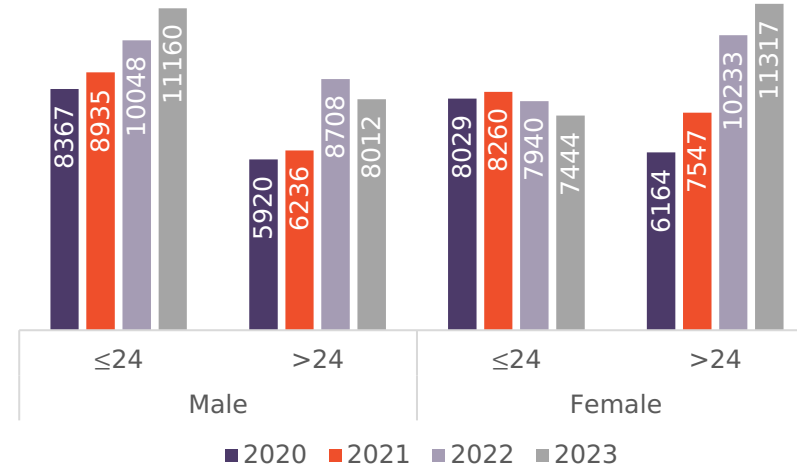


NUMBER OF STUDENTS

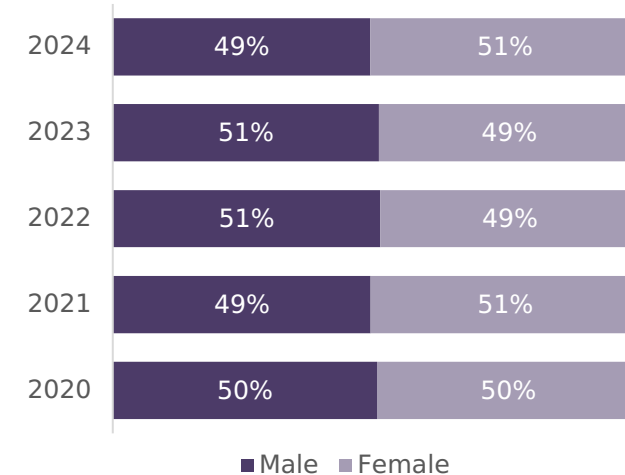
Share of Students Advancing from School to Vocational and Higher Education



Number of Active Students by Gender and Age



Gender Distribution of Active Students



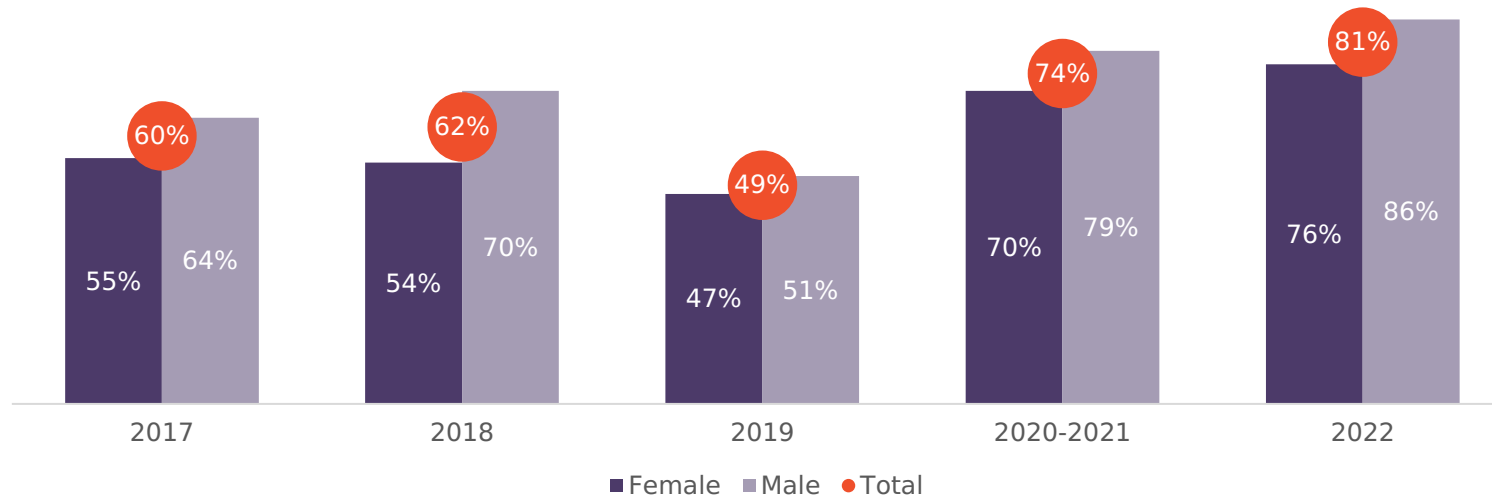
- Despite growth in the number of registered students, the transition from secondary school to VET remains challenging, with 10.6 times more students choosing higher education as of 2023. From 2017 to 2023, the share of pupils advancing to higher education rose from 56.6% to 62.6%, while the proportion of those progressing to VET increased from 3.7% to 5.9%, still far below the OECD average of 40%. This highlights a strong preference for higher education over VET.
- In 2020, among active students, there were 14,287 males and 14,193 females. By 2023, these numbers rose to 19,717 and 18,761, respectively. Over this period, the number of active

male students increased by 34%, with similar growth observed among those aged 24 or younger and those aged 25 or older. However, the trend for female students was different. The number of younger female students decreased by 7%, while the number of older female students grew significantly, increasing by 84%. This shift highlights the growing popularity of VET programs among older females, who now outnumber their younger counterparts.

- Among active VET students, the gender distribution has remained relatively balanced over the past few years.



Graduate Employment Rate by Gender



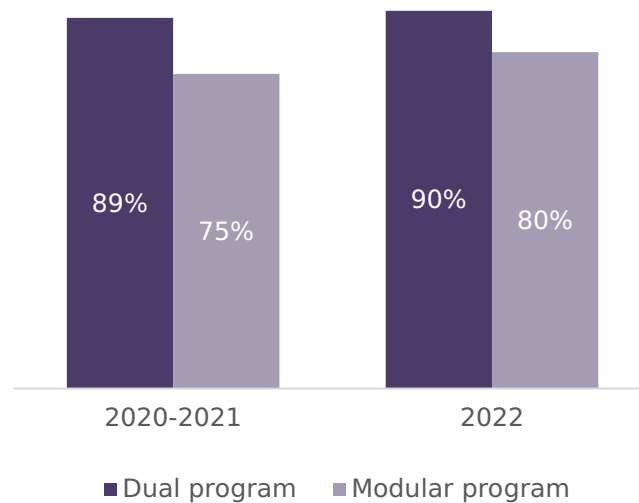
- To evaluate the quality of VET in Georgia effectively, it is crucial to analyze the employment rate of VET graduates. The 2022-2030 Unified National Strategy of Education and Science of Georgia identifies transitioning to the labor market as a key challenge for VET graduates. To evaluate how well graduates' skills align with labor market demands, tracer study** results were examined accordingly.
- Between 2017 and 2022, the employment rate gradually increased from 60% to 81%, with a dip in 2019 when it hit 49%, likely due to factors that remain unclear.
- While the employment rate has increased for both female and male graduates, a notable gap persists between them. For instance, in 2022, the employment rate for males was 10 pp higher than for females.

* Skills Agency Georgia starts its tracer study six months after the academic year ends, and therefore data for 2023 are not yet available. The years on the axis represent the date of graduation, not the date the survey was conducted.

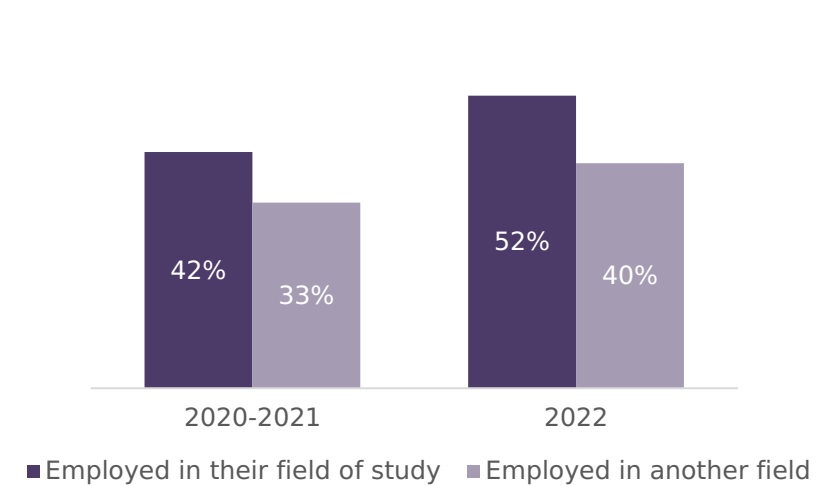
** Due to the COVID-19 pandemic, data for 2020 and 2021 were collected together.



VET Graduates' Employment Rate by Type of Program



Graduates' Employment Field*



- The employment rate of dual program** graduates was 10 pp higher than that of modular program*** graduates, highlighting that studying in a real work environment significantly boosts employment prospects.
- Along with the overall increase in employment, the proportion of graduates working in their field of study rose from 42% for the graduates of 2020 to 53% for the graduates of 2022, indicating that VET institutions are improving their provision of profession-specific skills.

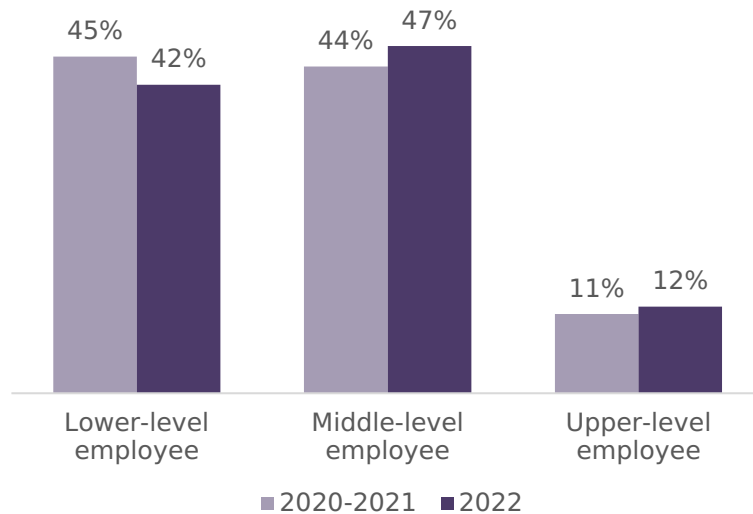
* Respondents were allowed to select up to two options, so the percentages may not add up to 100%.

**At least 50% of the lessons are conducted in a real working environment.

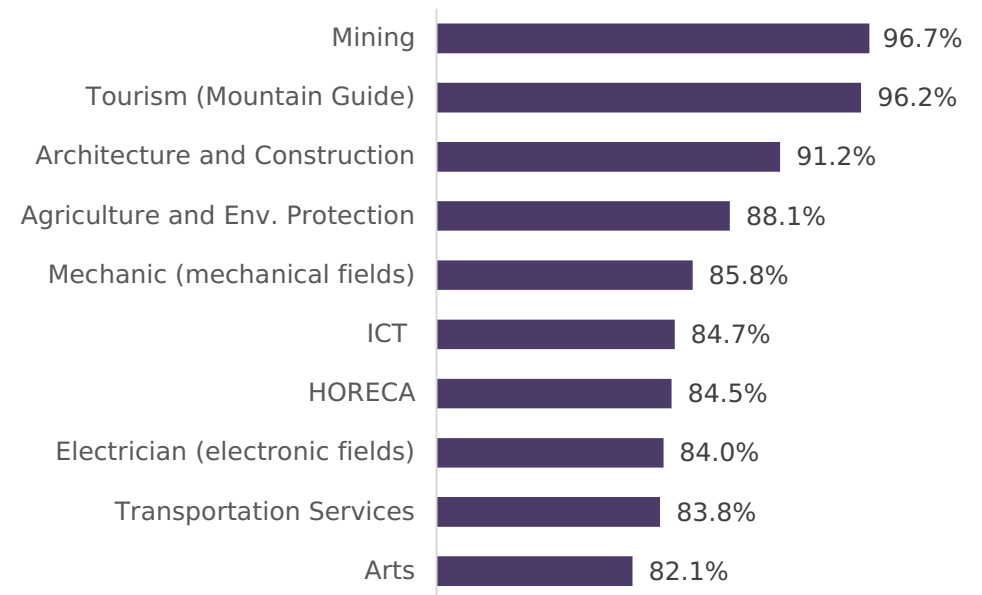
***Most of the lessons are conducted in a VET institution environment.



Positions of Employed VET Graduates



Employment Rate of 2022 Graduates by Sector



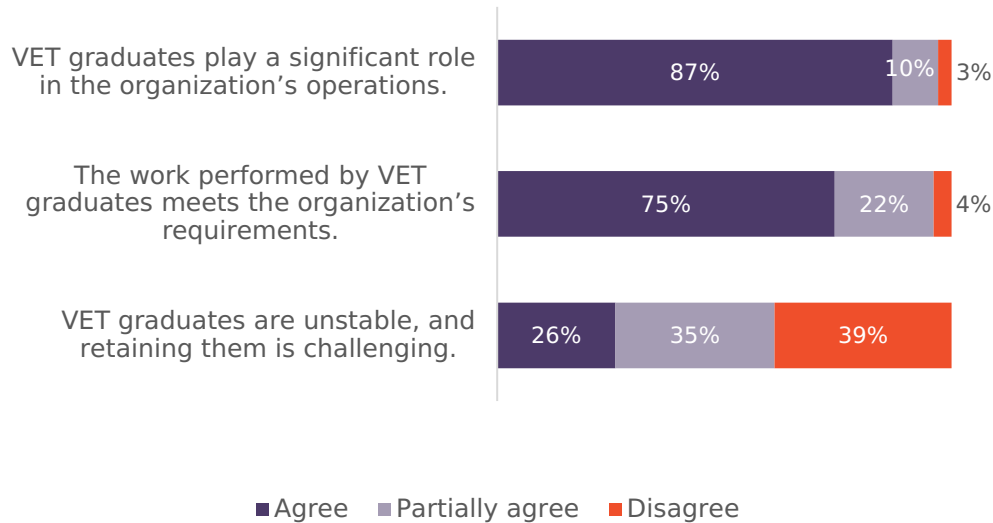
- Along with the employment rate, it is important to consider the positions that graduates go on to occupy. The data from 2020-2022 show improvement here, with the share of lower-level employees decreasing by 3 pp, and the shares of middle-level and upper-level employees increasing by 3 pp and 1 pp, respectively. This highlights the progress made in the development of soft skills through VET, while also showing there is still room for further improvement.

- When it comes to employment, the top-performing sectors are mining, tourism, and architecture, in which over 90% of graduates go on to secure employment. In contrast, the sectors with the lowest employment rates include beauty services (70%), social sciences (71%), and business administration (74%).

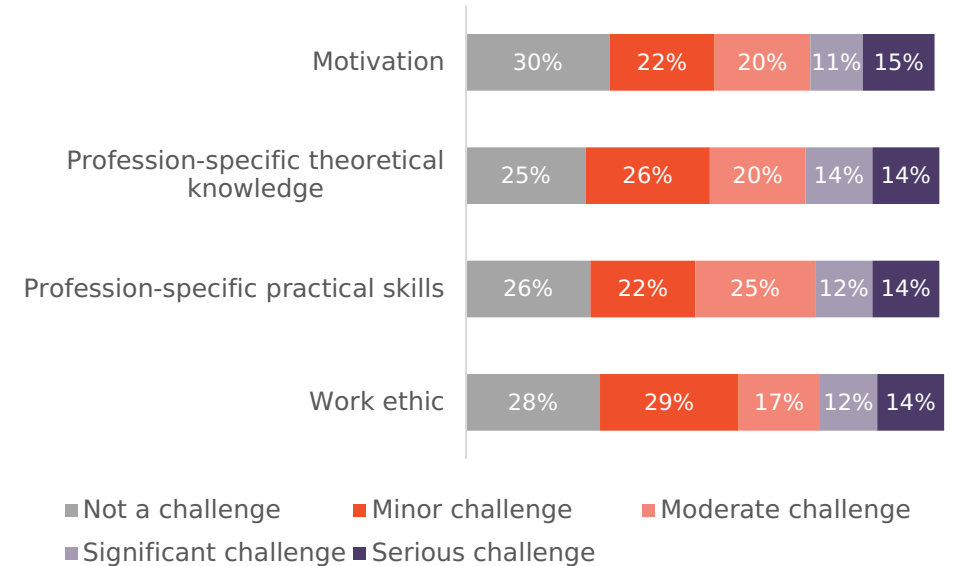


EMPLOYER EVALUATION

Assessment of Statements Regarding Employees with Vocational Education



Assessment of the Characteristics of Employees with Vocational Education



- Along with the employment rate, it is also important to consider how employers assess VET graduates. A total of 87% of employers agree that professionals with a vocational education play a significant role in their organization's operations. Meanwhile, 75% agree that the work performed by these graduates meets the organization's requirements.

- When evaluating graduates' characteristics, nearly one-quarter of employers considered the motivation, work ethic, and theoretical and practical skills of VET graduates to present a significant or serious challenge. This underlines that the soft skills shortcoming highlighted in the 2022-2030 strategy persists.



BASIC ECONOMIC INDICATORS

Basic Economic Indicators	2019	2020	2021	2022	2023	Q1 2024	Q2 2024	Q3 2024
Nominal GDP (mln USD)	17,638.7	16,010.7	18,853.0	24,989.5	30,779.1	7,186.3*	8,223.7*	9,159.2*
GDP per Capita (USD)	4,741.4	4,300.8	5,083.6	6,731.2	8,284.0	1,945.1*	2,225.9*	2,479.1*
GDP Real Growth (%)	5.4%	-6.3%	10.6%	11.0%	7.8%	8.7%*	9.7%*	11%*
Inflation (%)	4.9%	5.2%	9.6%	11.9%	2.5%	0.3%	1.9%	1.1%
FDI (mln USD)	1,354.1	595.3	1,252.7	2,097.9	1,594.7	194.3	574.3*	197.7*
Unemployment Rate (%)	17.6%	18.5%	20.6%	17.3%	16.4%	14.0%	13.7%	13.8%
External Debt (mln USD)	5,741.0	7,535.1	8,205.3	8,345.6	8,907.8	8,236.3	8,327.1	8,841.0
Poverty Rate (relative)	20.1%	19.7%	18.9%	19.9%	19.8%	-	-	-

**Preliminary data*

The PUBLICATIONS presented on the website are prepared by Policy and Management Consulting Group (PMCG) only for informational and/or marketing purposes. Nothing in the PUBLICATIONS constitute, or is meant to constitute, advice of any kind, and the reader is responsible for their interpretation of all content and acknowledges that any reliance thereupon shall be entirely at their risk. PMCG cannot be held liable for any claims arising as a result of the reader's use of the materials.

The PUBLICATION is presented "as is" without any representations or warranties, expressed or implied.

Without prejudice to the general message of the first paragraph above, PMCG does not guarantee that:

- the PUBLICATION will be constantly available; or
- the information contained in the PUBLICATION is complete, true, accurate, or non-misleading.

PMCG reserves the right to modify the contents of PUBLICATIONS from time to time as it deems appropriate.

PMCG absolves itself of any liability of violations of other parties' rights, or any damage incurred as a consequence of using and applying any of the contents of PMCG's PUBLICATIONS. PMCG will not be liable to the reader (whether under contract law, tort law, or otherwise) in relation to the contents of, use of, or other form of connection with, the PUBLICATION.

The reader accepts that, as a limited liability entity, PMCG has an interest in limiting the personal liability of its officers and employees. The reader agrees that they will not bring any claim personally against PMCG's officers or employees with respect to any losses suffered by the reader in connection with the PUBLICATION.

The reader agrees that the limitations of guarantees and liabilities set out in the PUBLICATION disclaimer protect PMCG's researchers, officers, employees, agents, subsidiaries, successors, assignees, and sub-contractors as well as PMCG.

If any provision of this disclaimer is, or is found to be, unenforceable under applicable law, that will not affect the enforceability of the other provisions of the PUBLICATION disclaimer.

Giorgi Khishtovani

Research Director

g.khishtovani@pmcginternational.com

Gocha Kardava

Researcher

g.kardava@pmcginternational.com

Giorgi Shogiradze

Junior Researcher

g.shogiradze@pmcginternational.com

Additional sources:

1. <https://mof.ge/5677>
2. <https://mes.gov.ge/uploads/files/2021.5.11%20VET%20strategy%20draft.pdf>

Address: 61 Aghmashenebeli Avenue, 4th floor,
Tbilisi 0102, Georgia.

Tel: (+995 32) 2921171, 2921181

Email: research@pmcginternational.com

Website: pmcresearch.org