

FACTSHEET

Serbia

Enhancing professional training through international cooperation

EU accession talks are underway with Serbia. The European Commission's Strategy for the Western Balkans¹ sets out the indicative steps needed to complete the accession process in a 2025 perspective. Education, employment, social policies, governance, the digital agenda and youth are a focus of the reform areas.

With the **support of the EU and of the European Training Foundation**, the EU's agency in charge of developing human capital in the neighbouring countries, vocational education and skills are high on the policy agenda of the Serbian Government to tackle structural challenges – as documented in the Strategy for the Development of Education 2020.

According to the Economic Reform Program 2018-20, Serbia committed itself to undertake **education reforms in the view of joining the EU**, and in particular: developing digital skills, lifelong learning and qualifications in-line with labour market needs; improving school-to-work transitions through work-based learning; and improving skills information intelligence. Education policy development is in line with the EU's Education and Training 2020 Strategy.

Context²

Over the last years, particularly in 2015-7, Serbian economy registered an important **economic growth after several years of turbulent dynamics**. After the financial crisis, Serbia experienced a weak recovery. The 2.8% GDP growth in 2016 was the largest since the crisis in 2008, leaving little room for fiscal stimulus to address policy challenges.

Serbia's **population decreased** from 7.64 million in 2002 to 7.04 million in 2017, largely due to a low fertility rate but also due to the loss of educated young people to countries offering better employment prospects. **Youth unemployment rate dropped to 31.9%** in 2017, while the share of young people not in employment, education and training (NEETs) has decreased to 17.2%.

¹ Source: [EU-Western Balkans Strategy - 'A credible enlargement perspective for and enhanced EU engagement with the Western Balkans'](#)

² Source: [ETF Serbia Country Strategy Paper 2017 2020](#)

There is a pattern of internal migration from rural areas to urban centres such as Belgrade, but **growing sectors such as ICT**, already report difficulty recruiting skilled workers and the number of young people entering the labour market is decreasing. Similar to other countries in the region, Serbia has **a service-oriented economy**, contributing 60% of GDP and 30% generated by industry.

Education and labour policies

Vocational education rates are high, with nearly 75% of upper secondary students enrolled in 2017. However, the proportion of young people aged 15-24 neither in employment nor in education and training (NEETs) remained relatively high (17% in 2017), decreasing slightly from 2010. This suggests **problems in the employability of VET graduates** and the existence of skills imbalances.

Vocational education and training **cooperation with EU member states** and candidate countries is framed by the so-called Copenhagen Process and 2015 [Riga Conclusions](#) which prioritise five Medium-Term Deliverables (MTDs) for vocational education by 2020.

Serbia became member of **the European Agency for Special Needs and Inclusive Education** as of 1 January 2018, facilitating cooperation with Member States and access to good inclusive practices and systems.

EU support and the ETF

The EU is providing Serbia financial assistance through **EU's Instrument for Pre-Accession (IPA)**, which aims to help the country to prepare for assuming and effectively implementing obligations of its future membership in the EU.

Being the only EU agency working in external relations, the ETF supports the EU action in education and labour market reforms by: increasing **work-based learning**, which is proven to bring a high employability; **providing people with the needed skills** in priority sectors, for example ICT and other economic growth sectors; **boosting quality education** through the use of a National framework; strengthening key competences including entrepreneurial learning and digital skills, and the continual professional **development of teachers** and trainers.

Background

The **European Training Foundation (ETF)** is the agency of the European Union in charge of sustaining EU's candidate and neighbouring countries to reform their own education and labour market systems. By supporting human capital development, the ETF contributes to social and economic development and to long-term political stability in the EU neighbourhood. The ETF is based in Turin, Italy, and employs 130 staff.

Success story: Serbia towards better skills in the ICT sector

The Vojvodina Cluster - which brings together around 35 companies employing 4,000 people and stakeholders from 11 governmental and educational institutions - aims to give ICT companies a regional, national and global platform; support training initiatives both at its centre and through in-house and dual education programmes; and lobby the government for better policies to support digital industry development.

Milan Solaja, chief executive of Serbia's Vojvodina ICT Cluster, speaks rapid, fluent English that he began learning informally as a boy desperate to understand the lyrics of songs by the Beatles. A tall, slender man who has to remember to duck to avoid hitting his on the wooden beams that support the ceiling of the offices of the Novi Sad-based software and computing industry support and training body, he is a passionate advocate for the role that IT businesses can play in supporting Serbia's economic - and educational - development. Putting IT and software at the heart of national development under **the slogan Digital Serbia** is Milan's vision and one that he is passionate about.

A not-for-profit business association, the Vojvodina Cluster raises around 10-12% of its annual budget through company subscriptions of €100 per month and the rest from projects. In 2016, its **budget was around €250,000**. Its regional role - in Serbia's largest province that occupies around a quarter of the former Yugoslav republic's territory, but accounts for a third of the country's GDP - is as important as its national and international position.

'We've always had strong support from ICT companies - ever since we were set up in 2010, based on an industry initiative. They had seen similar organisations overseas and wanted something like that here,' he says. 'We saw the need to involve all stakeholders - the industry, government and education - that can contribute to taking advantage of opportunities to develop the digital process. ICT has been the nuclear fuel for everything that we do, but the role of training and policymakers is also essential: a triple helix must be there to achieve the best results.'

Involving stakeholders, **working with vocational education schools** and other educational institutes is one of the keys to ensuring that enough software engineers are trained to sustain an industry that often loses its best skilled employees to international firms. Milan mentions a German company that skills tested a Serbian team of IT specialists to design a piece of software it had already had its headquarters staff work on. **The Serbs did a better job at a better price.** Fortunately, in this case, the foreign company did not poach them, but invested in establishing a local office and creating new employment opportunities. *'Often we have a lack of IT staff in the market and we have had to start pressure education institutions to deliver more.'*

Building a **creative, sustainable home-grown ICT industry** is essential to the future of the sector: the basic model of IT, he says, boils down to outsourcing - where foreign companies sub-contract projects to local firms - or developing your own business models, software, games and other applications. Outsourcing has a low ceiling - a company that has 10 engineers can charge a maximum of ten monthly engineer fees. Develop your own software and the sky's the limit.

'There were a couple of students here who dropped out of college to develop specialised project management software they could not find on the market,' Milan says. 'They put the resulting software on the Internet as open source with a licence priced at \$300 - not much by western standards - with support and upgrades included and sold 40,000 copies, making \$12 million over two years. Now their company employs a dozen staff.'

Another company that designs HOPA games (Hidden Object Puzzle Adventures) has 450 employees, only a third of whom are engineers - the rest are creative game developers, designers, graphic artists, photographers, visual effects specialists and others, underscoring the importance of the educational component of the 'triple helix'. The ETF developed the education and training part of the Vojvodina ICT Cluster approach, through a **needs analysis conducted in 2016**.

'Nobody knows exactly what profiles we need to develop for training and dual education programmes,' Milan says. 'Everybody thinks they know. The ETF helped us design a needs analysis and questionnaire that went out to 40 companies. Initial results confirm what we know - but it is useful now to have the facts to push an agenda for dual education in IT training.'

Apart from core engineering skills, the sector also needs **to train people in business, marketing, communications and sales**, the study found. Milan says many lessons have been learned since the ICT Cluster was set up in 2010. *'We've learned that it is better to give a general [skills] base for trainees, because later on they will specialise. We stopped offering entry level tests online as they are open to cheating.'*

Through the Serbian Association of Business Clusters, the organization is also engaged in **lobbying the government for better policies**. The Torino Process, the ETF's flagship tool for providing evidence-based analysis of vocational education systems to support policy reform can help support this lobbying effort, Milan adds. A priority in that area, he concludes, is to encourage a more efficient approach to EU structural funds available so support digital training and reform in Serbia: currently only around 15% of which is being drawn down as too few people actually apply for the support.

For information: <https://vojevodinaictcluster.org/>

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