DECENTRALISATION OF THE VOCATIONAL EDUCATION AND TRAINING SYSTEM IN THE REPUBLIC OF SERBIA

REPORT BY THE INTERNATIONAL PEER REVIEW TEAM

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FOREWORD

In 2002 the European Training Foundation launched a new Peer Review Programme in south-east European countries that are preparing or already running European Union funded CARDS projects in the field of VET. The programme is a follow-up to the thematic reviews of education policy carried out by the OECD throughout the years 2000 and 2001 and is funded from the European Training Foundation’s own budget. In 2002 peer reviews were carried out in Albania, Croatia, Serbia and Montenegro, and the Kosovo, while peer reviews in other countries will follow in 2003 and thereafter.

The focus of this peer review programme is to evaluate recent progress in VET policy development and to propose activities that could be undertaken to help bring the reform process forward. The Foundation’s peer reviews aim at both policy advice and capacity building in the region. They are organised in such a way that they would:

- contribute to an exchange of policy experience and enhance learning processes among national stakeholders;
- contribute to develop policy analysis capacities in the countries of the region;
- promote, in an effective way, regional cooperation between actors involved in similar activities;
- contribute to the CARDS programming and implementation cycle.

The present (and possible future) peer review cycles of the European Training Foundation contain five phases:

- a specific review topic is agreed with the country in question;
- national background material is prepared by both the host country and the country manager of the European Training Foundation, which includes the drafting of a briefing paper;
- a peer review team is set up and pays a visit to the country;
- a public review report is formulated and circulated.

In addition, the European Training Foundation organises specific staff development activities as a follow-up to the national reviews, as well as regional dissemination events to share experience between experts from different south-east European countries and learn from each other.

Where relevant, the peer reviews of the European Training Foundation put a clear focus on assessing where the country stands in terms of meeting its requirements from the Stabilisation and Association Agreement and preparing for accession to the European Union. Experts from European Union member states are included in the review teams to compare countries against EU good practice in terms of outcomes (what has to be done); and experts from candidate countries are included to share their experience in terms of suitable reform processes (how should it be done).

The aim of the final reports is to give policy advice and to identify short and mid-term actions rather than providing a complete, academic analysis of the VET system and grand reform proposals. The reports contain substantiated and operational conclusions and recommendations which should allow policymakers in the country in question to design follow-up activities.

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1 CARDS is the European Union’s assistance programme to south-east European countries.

2 Under international administration in line with UNSCR 1244 of 10 June 1999
The Foundation does not see the peer reviews as a one-off event but rather as a permanent cycle during which the Foundation would provide inputs into the VET reform processes in the given countries. It is, hence, planned to arrange for subsequent review missions with external peers after periods of two to three years.

All peer review documents - Executive Summary, Briefing Note and Peer Review report – will be made available through the European Training Foundation’s website: http://www.etf.eu.int
EXECUTIVE SUMMARY

Background

This report is the outcome of the peer review process which took place in Serbia in October 2002. The purpose of the report is not to provide the Serbian Ministry of Education with a "recommended" model, or alternative models, of decentralisation of the VET system in Serbia. It is rather to (i) take stock of the different reform initiatives taking place in the country today, (ii) identify the existing potential and limitations in the process towards a decentralised VET system and (iii) identify and recommend future steps towards a decentralised system.

The VET Reform in Serbia

In Serbia, the Ministry of Education and Sports has set decentralisation as one of the underlying principles of its reform of the education system, in general, and of vocational education and training, in particular. It is recognized that a decentralised VET system is necessary in order to bring VET closer to the needs of both the economy/labour market and the citizens (students and their parents). However, a clear notion of decentralisation of the VET system in Serbia encompassing a redistribution of roles among different stakeholders (social partners, training providers and central and sub-central state bodies) is still a task for the future.

The Ministry of Education, as leading agent of the education reform to date, has concentrated its efforts to the enhancement of school autonomy and to the attribution of some reform implementation responsibilities to existing structures that are directly linked with the Ministry, namely the Regional Departments of the Ministry (professional inspection), and the associations of VET schools (Vet curricula). These efforts concern mainly the modernisation of VET programmes and some aspects of internal school management. A number of constraints in the implementation of the new arrangements are linked to the lack of capacity within the VET schools to fulfil their new responsibilities (e.g. at the level of school management or development of new curricula) and lack of well developed communication lines between the Ministry and the schools (also including school boards) for awareness raising and guidance on their new responsibilities.

Taking into account that the whole VET reform process is supply driven and that consultation with other social partners have been marginal, issues of overall governance of the VET system and finance have still not been tackled. The expert groups on decentralisation and VET, established by the Ministry, were not in the position to provide for clear proposals on governance or finance of the VET system without structured and intensive exchange with the representatives of the stakeholders to whom the responsibilities could be transferred. Moreover, these expert groups with a limited mandate and institutional support were not in the position to act as real agents of change.

For the near future, the Ministry of Education has expressed its decision to keep the role of policy making, standards setting and control of the VET system while providing further autonomy to schools and facilitating their relations with the local community. It has also recognised the need for (i) creation of professional institutions at the central level (National Centre for Assessment and Evaluation, National Centre for In-service Teacher Training and in particular Centre for Vocational Education and Training), which will push forward specific issues of the reform agenda and reduce the burden of the Ministry, and (ii) the modernisation of intermediary institutions, i.e. its Regional Departments, for supporting the reform effort, through their transformation into regional teacher training
centres or regional Education Resource Centres. Conclusively, the implicit present, and near future, model of VET governance is rather a de-concentrated model (towards professional institutions and Regional Departments) with increased school autonomy. On the other hand, issues of decentralisation towards the local community or regional administration level and involvement of social partners in the VET system still have a minor place within the Ministry’s agenda.

Constraints in the VET Reform process

The approach of the Ministry of Education seems to be, at this stage, the most pragmatic short and medium term option taking into account that decisions on the type/form of decentralisation of the VET system and its implementation goes beyond the scope of the authority of the Ministry. At this stage the Ministry is faced with a number of external ambiguities and constraints that impede decisions on decentralisation. These include:

1) The system of public administration in Serbia is still in the process of transformation. The new law on local self-government, which provides for the responsibilities of the municipalities, is not yet implemented in view of the unpreparedness of a number of municipalities to undertake their responsibilities. The existing regions are not functional and in any case they have been conceived as a de-concentration mechanism of the central state. Although there is an expressed ambition by the government to proceed with the constitution of new regions, the discussions on their number, shape and future responsibilities is still in its initial stage. The actual decision will be a lengthy procedure, taking also into account that the activation of the new regions will ask for a change in the constitution.

2) The social partners are still struggling in redefining their role in the new socio-economic system and promote the interests of their members. The existing Socio-economic Council is still new. The future role of the Federal Chamber of Commerce and its inter-link with the Republican chamber is still unclear. Enterprises (employers) give priority to their survival. Despite the fact that the existing (both Federal and Serbian) Chambers of Commerce, employers associations and the Ministry of Labour (through the Employment Service) are taking actions in the area of VET (in particular for adult training), there is not yet a strongly expressed will for co-operation and structured dialogue in order to proceed to a systemic reform of the VET provision.

3) The scarce financial resources in the country and the regional/local disparities in economic development is an issue that needs to be treated with particular attention in order to avoid situations in which lack of resources and/or their efficient management can lead to poor quality of VET and reduce access in areas with low capacity for drawing financial resources.

Recommended areas of action

Taking into account the above constraints, it is recommended that the Ministry of Education targets its efforts to two distinct, but still inter-related, areas:

1) Further intensify its efforts to modernise its own administrative and VET delivery structure and procedures. This includes:

   - a better staffed and better structured central level (including the Ministry itself and professional institutions) able to formulate policy, provide support and guidance and establish a regulatory framework to support the decentralisation process;
   - further empowerment of the different institutions under its authority, namely...
the Regional Departments of the Ministry, the VET schools Associations and the VET schools themselves, in terms of both responsibilities of the implementation of the reform process and of capacity building;
- definition of clear roles and responsibilities among central and sub-central level institutions.

2) Establish a structured dialogue and institutionalise its co-operation with all other stakeholders (including other Ministries and State Agencies, municipalities, social partners and enterprises) on the VET reform process. This includes:
- the structured involvement of the stakeholders in the decision making process for the VET Reform and its strategic development; the parallel negotiation of sharing responsibilities; and
- the implementation aspects of VET modernisation e.g. development of new curricula, examination and certification procedures, etc..

Against this framework of action, the peer review team would like to put forward the following recommendations to the Ministry of Education and Sports:

Recommendation 1 – Put more emphasis on the structured involvement of other government bodies at national (Ministries, Agencies) and sub-national/local level and of the social partners. A National Council for VET bringing together key VET stakeholders and further defining a VET reform strategy should be established as a first priority. An expert group on decentralisation, with stronger representation of different VET stakeholders, could be re-established to play a key role in linking crucial issues of reform (e.g. general curriculum reform, teacher training, assessment) with the VET sector.

Recommendation 2 - A professional institution for VET, the Centre for Vocational Education and Training, needs to be established. A VET Centre - probably by but outside government and the MES and ensuring participation of major VET stakeholders on its supervisory board – should be set up. The VET Centre can give methodological support to the current reform (implementation) work of MES, monitor the VET system, provide assessment and certification procedures, organise development of text books, initiate research and development work, etc.

Recommendation 3 – Further Empower the Regional Departments of the Ministry of Education as intermediary institutions between central level (Ministry) and local level (schools). Further to the responsibilities for professional inspection (already attributed to them), organisation of teachers’ training and other types of training to VET schools can also be natural and desirable tasks for them in the short to medium term.

Recommendation 4 - Put more emphasis on transforming schools into customer oriented organisations through empowering headmasters to respond to their new role and tasks i.e. being pedagogical leaders as well as good managers. This includes taking decisions on school production “mix”, provision of training programmes demanded by the labour market, quality care of education services, links with the local environment as well as relationships with the MES.

Recommendation 5 – establish priorities carefully within different types of expenses, i.e. remuneration of teachers, capital investment, equipping schools, and teacher training, by using mechanisms which increase the transparency of distribution of funds to schools.

Recommendation 6 - Alternative financing mechanisms should be considered through (i) the piloting of lump sums to schools coupled with genuine unit costs of VET programmes and (ii) provision of financial incentives to social partners to become involved in the practical training.
Recommendation 7 - Decentralisation of finance needs to be combined with compensatory and redistributive mechanisms in order to avoid a deepening gap between rich and poor regions and endanger the introduction of equal standards in all schools.

Recommendation 8 – Decentralisation of the curriculum process (design, delivery and assessment) requires a stronger role for the central levels. The Ministry must formulate policy, give guidance and establish a regulatory framework to support the decentralised work with curriculum design. And there is also a need for methodological inputs to the curriculum design process by establishing an expert institution in the field, e.g. a national VET Centre.

Recommendation 9 – Strengthen the role of VET School Associations as a good instrument to mediate between the MES and the individual schools and to pave the way for increased decentralisation in the area of curriculum development. Their role should be institutionalised in the development of new curricula and assessment of outcomes of the education process and by providing capacity building and professional support to their members.

Recommendation 10 - A systematic teacher-training programme to empower teachers to deliver the new curricula will be needed.

Recommendation 11 - Schools should be encouraged to design special adult training curricula and become general training centres for all age groups in order to both (i) feel the gap in the provision of adult training in the country and (ii) strengthen their own financial position.

A final comment to this report concerns the upcoming CARDS 2003 VET project which will tackle the issues above and which (1) is expected to act as a catalyst in the relations among different stakeholders and (2) provide the necessary resources both human (expertise) and financial in order to go forward with the modernisation of the VET system. However, the implementation of the CARDS project – and the discussion with donors on other projects - will be very much helped and its whole effectiveness and impact will be multiplied if the Ministry of Education has already pushed forward the establishment of new professional institutions and procedures by the starting date of the project.
1 INTRODUCTION

1.1 Background

The presidential elections of October 2000 marked Serbia’s return to democracy and the end of years of international isolation. Since then the country has entered a phase of political, economic and social transformation. The necessity of educational reform in Serbia is clearly recognised. There is a need to modernise and reorganise the schooling system to support economic revival, democratic development and future European integration of the country. In order to achieve these goals, as part of a broader framework of social reforms and changes, a comprehensive reform of the educational system is planned. According to the ‘Strategy and Action Plan’, released by the Ministry of Education and Sports (MES), the reform requires decentralisation of the system through a redefined role of the central administration, the regional and local educational authorities.

Decentralisation in the countries in transition in Central-Europe has been a central issue from the beginning of the 90s. Since the issue of decentralisation in Serbia also seems to be one of the most burning challenges, the specific theme of the peer review chosen in Serbia was decentralisation of the vocational education and training system.

To make our review more concise, the peer review team has selected three substantial fields of educational decentralisation: finance, governance and curriculum. However, the review also integrates cross-cutting dimensions whenever relevant.

A systematic effort is well underway in Serbia to develop a strategy for reform of the education system overall, incl. the VET system, so as to adapt it to the new socio-economic needs of the Republic. In 2001, i.e. as soon as the new government became operational, the MES established expert groups to analyse the situation and make proposals for strategic development of the education system. Expert groups were set up in the fields of: (i) democratisation, (ii) decentralisation (iii) teacher education, (iv) quality assurance – assessment and evaluation, (v) vocational education and training, (vi) adult education and lifelong learning, (vii) pre-school education, (viii) higher education, and (ix) youth policy. Each of the groups prepared strategic documents that were presented to the donor conferences in Belgrade in January and June 2002.

In the year 2002 the first steps of implementation of the reform strategy started through actions to set up a new institutional framework for education and training, to establish more school autonomy and to modernise curricula.

1.2 Overall context for VET reforms

Secondary vocational education is regulated by the Act on Secondary Education (1992) and higher education is regulated by the Act on Colleges (1992). Amendments to this Acts were made in 2002. A new law on Secondary Education is expected to be passed by Parliament at the beginning of 2003.

Weak points of VET system and steps already taken

Vocational education and training in Serbia is not adequate to support the social and economic transformation process and development of the country. Documents of the Ministry of Education recognise that VET in Serbia presents a number of drawbacks, among which:

An obsolete provision based on an old nomenclature of occupations, outdated curricula, teaching and learning methods and weak infrastructure. The nomenclature of occupations has not changed the last 10-12 years at least and does not correspond to the requirements of a changing economy. Curricula are overburdened with general knowledge and facts that do not correspond to the requirements of the enterprises. Practical training is neither sufficient nor well integrated in the curriculum. Employers are not involved in the definition of the skills to be developed by the VET programmes and are not involved in the provision of training. Teachers and trainers did not have the chance during the last 10 years to update their knowledge and introduce new teaching and learning methods. School equipment and teaching materials as well as school buildings are not adequate in many vocational schools.

A lack of response to children’s needs and preferences. A serious mismatch exists between the demand of young people for education and training and the offer of training opportunities. This mismatch is reflected in discrepancies between actual enrolment in secondary general and vocational education and the wishes of the children. The 79.7% of new enrolment in secondary education in vocational schools does not reflect the choice of the children, as many more would prefer to get enrolled in secondary general education. The same type of discrepancy is observed among actual enrolment and wishes of children for 3 and 4-year vocational programmes. The demand for 4 years vocational programmes is higher than their capacity (46.6% of children want to enrol in them while 35.8% are actually enrolled) and that of 3 years vocational programmes is much lower (17.9% and 43.9% respectively). Finally, discrepancies in enrolment and preferences are observed for several kinds of occupational profiles in the 4 and 3 year VET programmes.

Despite the overall outdated VET provision, important first efforts have been made to modernise it. More than 200 requirements of schools for introducing new educational profiles have been submitted and approved. In the school year 2002/2003 new job fields are introduced in 14 schools throughout Serbia and approximately 100 new educational profiles. This is a first indication of adaptation to the needs and reality of the labour market. Moreover, the MES, together with the association of agriculture schools introduced a pilot project for new vocational programmes introducing the modular principle and the expansion of educational profiles.

A problematic school network. The network of schools, i.e. the number, structure and space distribution of secondary schools, is regulated by the government. There is a wide network of 327 vocational schools in Serbia. However, their distribution among different occupational fields as well as their distribution in the country does not correspond to the present and future needs of the economy. For example, 123 out of all vocational schools are schools of mechanical

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5 Analysis of Current State in Secondary Vocational Education in Serbia


7 2nd quarterly report of National Observatory

8 Radovan Zivkovic: Network of secondary school and perspectives of its redefinition

9 Radovan Zivkovic: Network of secondary school and perspectives of its redefinition
engineering and they provide skills for which there is low labour market demand. Many of the schools specialised in an occupational field (e.g. trade, catering and tourism, agriculture and food processing) are concentrated in a narrow geographical area. Taking into account cost efficiency many of the schools providing non-demanded occupational fields, or being in low populated areas, may need to close down or be transformed. Accordingly, a rationalisation of the VET school network needs to be made so as to ensure access and quality of provision with less cost.

- Plans are made in the MES to redefine the school network in Serbia. The modern network will be created on the basis of the present socio-economic situation in partnership between the central government, local governments, chambers of commerce and trade unions. Already some efforts for the rationalisation of the school network are taking place. For example, the commission for the rationalisation of the school network, based on information for the demand of labour coming from the Labour Market Bureau, has cancelled VET programmes leading to occupational profiles for which there is no need in the labour market.

A high degree of centralisation. This centralisation concerns the management and financing of the system but also the curriculum and teaching and learning aspects of it. According to the Law for secondary education of 1992, the Minister of Education is the founder of public schools and can decide about their opening and closure (other founders are also possible by law but they need the approval of the MES). The minister appoints the school principals and the members of the School Board and he decides about the number of students to be enrolled in the schools

established by the Republic. The MES is also responsible for financing the courses provided, curricula and textbooks. The MES, through the School Inspectorate, controls the work of the schools in the classrooms. The school has limited freedom. The school principal manages the school, appoints the teachers after competition and is accountable for the quality of teaching as specified by the norms of the MES. The School Board is the administrative organ of the school. Concerning financing the vast majority of funds for secondary vocational education are coming from the Republican budget.

- A more active participation of different actors in the management of education has been initiated. First, an amendment to the Law of secondary education has been passed recently defining as members of the School Boards teachers, parents, and local authority representatives in equal numbers. The School Board will decide on a number of issues related to the school-work including the election of the school director. Also, the amendment to the Law forms the Parents’ Council which: monitors students’ achievements in learning, discusses ways of spending funds gained through the work of students co-operatives, organises students excursions, etc. The Council sends its proposals to the School Board and the principal. Second, the Ministry encourages the activities of the VET School Associations and has established a co-ordinating board of these Associations to promote school activities within the reform guidelines.

Of high relevance for VET reform is the upcoming CARDS 2003 VET project which will tackle a number of the issues discussed below and is (1) expected to act as a catalyst in the relations among different stakeholders and (2) provide the necessary resources, both human (expertise) and financial, in order to go forward with the modernisation of the VET system. However, the implementation of the CARDS

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10 Analysis of Current State in Secondary Vocational Education in Serbia
11 Radovan Zivkovic: Network of secondary school and perspectives of its redefinition
12 2nd quarterly report of National Observatory
13 Ibid.
project – and the discussion with donors on other projects - will be very much helped, and its whole effectiveness and impact will be multiplied, if the MES has already a medium term action plan in place and has pushed forward the establishment of new professional institutions and procedures by the starting date of the project.

1.3 Purpose of the Peer Review

The Peer Review undertaken in the autumn of 2002 at the initiative of ETF therefore took place at a time where further policy advice can indeed assist national authorities in deciding on steps to be taken to make progress in VET reform.

The aim of the Peer Review activity is to contribute to VET reform policy development and implementation in Serbia. The concept of the peer review team is to bring together experts from neighbouring countries that are or were struggling with the same problems as Serbia, to provide an exchange of experience and to produce relevant recommendations on how to address these problems. This report is the outcome of the peer review process. The purpose of the report is not to provide the Serbian Ministry of Education and Sport with a "recommended" model, or alternative models, of decentralisation of the VET system in Serbia. It is rather to (i) take stock of the different reform initiatives taking place in the country today, (ii) identify the existing potential and limitations in the process towards a decentralised VET system and (iii) identify and recommend future steps towards a decentralised system.

1.4 Structure of the Peer Review report

The executive summary of this report contains a focussed presentation of background, findings and recommendations. The main report is structured around three key topics of decentralisation in VET agreed with the Serbian authorities as being of immediate policy concern; (i) governance, (ii) finance and (iii) curriculum. These issues will be briefly presented together with the peer review team’s findings and recommendations. The team’s recommendations are focused on policy measures that could be taken in the short run and that would aim at keeping the reform process going and in the right direction. In an Appendix short case descriptions of VET decentralisation in Austria, Croatia, Denmark, Hungary, Montenegro and Slovenia are given.

The members of the peer review team received the essential background materials (impressive in terms of quality and quantity), written by Serbian experts of working groups, and published by the Ministry of Education and Sport of the Republic of Serbia (MES)\(^\text{14}\)). This enabled the peer group to acquire a broad picture of the current situation and a deeper insight into central issues.

Although the information received was abundant in some respect, there are some limitations. Due to the short time spent in Serbia, the team could not meet all the relevant actors in the area, especially from fields outside the scope of the MES; therefore, the overall decentralisation process of the public administration and financing systems remained somewhat blurred. Another impediment was the fact that sometimes meetings took place in a broad circle, which hindered getting more detailed information on specific issues. However, in all visits and interviews, the team met only helpful professionals with great enthusiasm and

\(^{14}\) Framework of Vocational Education Development  
Strategies in Serbia written by the Expert Group for Vocational Education and Training; Relations between the Labour Market and Vocational Education; Decentralisation of Education in Serbia written by the Expert Group for Decentralisation;  
Analyses of Current State in Secondary Vocational Education in Serbia; Reforms in Secondary Vocational Education, Republic of Serbia, Ministry of Education and Sports, Belgrade 2002; Foundation of a Centre of Vocational Education written by the Expert Team for Vocational Education Reforms, MES;  
Reporting on progress by Western Balkan countries’ VET systems toward achieving objectives of Stabilisation and Association process
The ETF National Observatory in Serbia assisted the team by preparing background material and organised the review visits which took place between October 6-12, 2002. Here the team had the possibility to meet several actors of the VET system in Serbia, and most of the key players.

1.5 The Serbian Peer Review team

The members of the Peer Review team are VET researchers and practitioners from the EU and neighbouring countries (Austria, Croatia, Denmark, Hungary, Montenegro, Slovenia), ready to share their own experiences with the Serbian stakeholders. The report has been prepared on the basis of the findings of a Peer Review undertaken by:

- Ms Judit Lannert (General rapporteur, Hungary),
- Ms Sanja Cmkovic-Pozaic (Croatia)
- Mr Gerhard Kowar (Austria)
- Mr Bozidar Sisevic (Montenegro)
- Mr Albin Vrabic (Slovenia)
- Mr Søren Nielsen (Country manager and member of the team, ETF)
- Ms Anastasia Fetsi (ETF Country manager for Serbia and Team Leader).
2 DECENTRALISATION IN VET

2.1 Governance

2.1.1 The present situation

In Serbia, the leading agent of the education reform process (VET included) is the Ministry of Education and Sports assisted by expert groups of researchers and practitioners in the field of education. At this stage, the MES is also preparing schools to become agents of implementation and has declared its will to empower them with more managerial responsibilities. Decentralisation and democratisation are considered by MES as main pillars for the improvement of the education system.

Decentralisation gives more freedom (and responsibility) to the lower levels with a view to enhance efficient management by letting those decide who have more information on the lower levels. However, a shift from a centralised governing system into a decentralised one needs institutionalisation in legal and financial sense, and agents of the reform. Most of the problems arise from the fact that on the different levels of decision-making responsibilities, capacities and information are not well-balanced. One can say that the salient

objectives of public education can only be realised if (1) the responsibilities for the various fields are allocated properly, (2) those responsible also possess the appropriate tools, and (3) they have a stake in exercising their responsibilities effectively.

The MES stresses the importance to (a) develop regional responsibility of school management; b) create education content to meet specific needs and possibilities of the local community, and c) redefine enrolment policy.

However, decisions on decentralisation and moving towards a decentralised system in Serbia are hindered by a set of obstacles linked with the heritage of the past. These include:

- limited organisational, human and financial capacity at ministry level as on all other levels of administration;
- a still unfolded and undefined system of new public administration and thus ambiguous perspectives for a clear cut relationship and inter-linkage with the envisaged regulation, administration, management and financing system of education;
- a lack of co-ordinated and institutionalised planning involving all actors in VET: MES, Ministry of Labour, Ministry of Economic Affairs, Chambers of Commerce, Social partners, VET schools etc.
- a VET school network, in which school profiles (currently 544 educational profiles) would have to be redefined according to effective methods of teaching and learning, the weaknesses and ascending needs of the labour market and the overall strategy of economic development on Republic level.

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15 In the case of Hungary it was essential to create real owners in the economy and society, since state proved to be a careless proprietor. The first step was to set up a framework, to establish or empower the lower levels by passing fundamental laws (communal property has been established, privatisation process has started). Next step was to share the financial resources between the central and the lower levels e.g. by letting municipalities have some portion of the personal income taxes to use, or letting them to levy local taxes. Not all the actors could live up to the expectations of the legislators at the beginning, but having property and interest they became real agents of the reform later on.

Diversification and transfer of administrative and managerial functions depend on the successful development of a sustainable mechanism of governance at all levels of the education administration. To promote the envisaged education reform, the MES has launched several initiatives to build up reform and decision-making capacity competencies (“First wave of reform”):

At central level (Ministry of Education and Sports, professional institutions):

1) A first step towards the reform process has been change in the internal structure of the Ministry. A section for Educational Development and International Co-operation (including separate departments for development, teacher training, evaluation, data collection and international co-operation) has been established to steer the overall reform process with special attention to facilitate expertise and financial support provided by the international donor community. The section for secondary VET deals with the administrative and managerial issues of the secondary VET schools and steers the VET reform process in co-operation with the section for Educational Development and International Co-operation.

2) Capacity of the Ministry and of its external experts has been strengthened by seminars, study visits to other European countries and participation in international conferences. New expert staff has also been recruited by the Ministry. Nevertheless, the Ministry states, “issues of staffing, new reporting mechanisms and use of facilities are still unfolding”

3) Valuable input to the development (and partly implementation) of the overall reform agenda was obtained by the work and recommendations of 9 expert groups nominated by the MES (including expert groups on decentralisation and VET). The expert groups consisted of Ministerial staff, experts and researchers in the area of education, teachers and other practitioners in the field of education.

4) The strategic framework of education policy reform was generated in a participatory approach both on expert level (see 3) and the level of stakeholders in education (altogether 9000 representatives of parents, students, teachers, headmasters, psychologists/pedagogues, school board members; 200 schools). Dissemination of key issues of education policy reform was mainly performed by a number of conferences, which involved the education community throughout Serbia but also international donor institutions and administrators/experts from other education systems in SEE.

5) From the very beginning of the reform process the MES recognised the lack of professional institutions to support the modernisation of the education system and reduce the huge burden of its tasks. Accordingly, it decided to develop a system of educational services and outsource specific key issues of the reform agenda, through the establishment of professional institutions. By end of 2002 three independent professional institutions are planned to be established with support from international donors: (i) the National Centre for Assessment and Evaluation, (ii) the National Centre for In-service Teacher Training and (iii) the Centre for Vocational Education and Training.

At the level of regional educational administration (Regional Departments of MES):

1) 13 Regional Education Departments act as sub-offices of the Ministry at regional level, responsible for a wide range of tasks including administrative, control and

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17 MES: Reform Paper, S.8

18 Regional Departments are located in: Belgrade, Zrenjanin, Uzice, Kragujevac, Pristina, Nis, Valjevo, Sombor, Pozarevac, Zajecar, Leskovac, Novi Sad and Kraljevo
professional support functions. Before 1992 these RDs also had some responsibilities in the field of teacher training. Internal reorganisation and profile development of the RDs is underway. Several pilot projects have been launched and are expected to deliver substantial input to the future profile and role of the RDs. Currently MES considers two possibilities: a) the inclusion of a Regional Teacher Training Centre function into future RDs, and b) the creation of Regional Education Resource Centres. Furthermore, the 2002 amendment to the law on primary and secondary education differentiates between “legal” and “pedagogical/professional” inspection. It is envisaged that the role of “pedagogical” school inspection will have to be changed to facilitate democratic school development and have an advisory role in education; “Legal inspection” will be organised by the municipalities.

2) As the system of public administration in Serbia is still under discussion (e.g. constitution of administrative regions), responsibilities of the regional level with respect to governance and administration of the education system could not be defined yet. Accordingly, discussions on the involvement of the regional level to the education reform process and to the administration/management of the education system are on-going concerning the Regional Departments of the Ministry

**At the level of local administration (municipal level, school level):**

1) The MES emphasises the important role of the municipal level in the overall decentralisation process. This refers not only to the involvement of the local community in defining the envisaged profile of VET schools but also to strengthening the links between education and the labour market via involving social partners into the school board.

2) The 2002 Amendment(s) to the law on primary and secondary education have emphasised the important role of schools and municipalities in shifting decision-making competencies to the local level. The newly established School Boards consisting of representatives of Parents’ Council, Teachers’ Council and the local community in equal numbers are entitled to manage any non-budgetary income, approve the school budget, decide on the annual school work programme, verify annual school plan and annual business report and elect the headmaster.

3) The school director plays a crucial role. His position depends on the quality and relevance of work in the school, co-operation with the local community and the Ministry of Education.

4) A “stock exchange” of projects for all secondary (VET) schools was launched in July 2002. Pilot projects (e.g. agricultural schools and medical schools for the modernisation of the educational profiles) have started within the VET school network to create models of reform. These models at a later stage may contribute to the implementation of education reform (more details of the pilot projects are provided in the section on curriculum).

**At the level of professional groups**

Currently 17 professional VET School Associations exist on the level of secondary education. These involve also members from respective university faculties and the labour market. The MES only recently has entitled these associations to play a greater role in defining standards in education (school profile, development of new curricula)\(^\text{19}\).

**The involvement of Social Partners in VET**

The social partners in the Milosevic era generally did not function properly. In particular in the area of VET they have been silent. Now

\(^{19}\) On the role of the VET School Associations see also part on curriculum development.
they are in an ambiguous position, especially those at Federal level. There are 3 trade unions which are mainly involved in negotiations for the labour code and employment issues. The employers are organised in Chambers (there is a Federal Chamber of Commerce and Industry and a Republican Chamber), and associations of employers have also been established. The Republican Chamber has 17 regional centres. Membership is obligatory, they have 250 000 members, and fees are paid in proportion to number of employees on a progressive scale. The Chambers now focus on delivering consulting services to the SMEs, and on training in different fields. There are plans to establish a continuing training unit. Their first priority lies in that field, since the rate of unemployment is high. Another priority is management training where there is a big market demand.

The Socio-economic Council of Yugoslavia has been set up, but it is quite new, it had only two meetings till the end of September 2002.

Unfortunately the members of the team did not have enough time to meet the representatives of the social partners, so the picture we got about them is not sufficiently clear. However, their overall involvement in the discussions on the VET reform process seems to be very low.

2.1.2 The team’s findings and conclusions

Development of a reform strategy

After the political change the MES acted quickly to lay the grounds of a transparent and visible education reform and has already presented a strategic framework for reform. Its policy of change aims both at the central (ministry) and local (school) level, trying to combine a top-down and bottom-up approach, with a clear vision of democratisation of the overall education system.

The starting stages of the reform began as a top-down exercise which was then taken forward and has evolved into a public debate with very positive grass-roots reactions and commitment by school teachers and principals. On the other hand, non-educational actors relevant for VET at local level have not been widely consulted or informed about the reform process. Although there seem to be synergies between relevant institutions at the national level (employment service, faculty, ministry, chamber of commerce, other ministries) in supporting the reform, there are doubts to which extent this is replicated at regional and municipal level. The educational sector seems to be the driving force of the reform, which could slow down the whole process of the implementation of the reform if other crucial institutions do not join in.

Due to the still undefined public administration system and the lack of co-ordinated and institutionalised involvement of other Ministries and social actors in VET, the reform process and the subsequent restructuring of the education system is highly supply driven. So far, in the framework of the "First Wave of reform", key actors have been administrators from the ministry supported by and linked to consultation processes with expert groups and local educational actors. Demands from the labour market and key stakeholders in economic development have neither been clearly identified yet nor integrated into the planning process. This approach, despite its pragmatism, may hinder the MES in developing a VET system responsive to the needs of the economy and society.

In specific, the social partners appear to be weakly involved in the reform process. This may be due to the fact that these are still very early days after the Milošević regime, and stronger interest groups have yet to consolidate. Apart from the Chamber of Commerce being itself in the beginning of the reform process, the employers associations are rudimentary and seem to be mostly active as professional associations of small private businesses.
Decentralisation is a constituent element of the Ministry’s reform strategy; nevertheless, the notion of decentralisation seems to be currently unclear (or in other words: will MES decide to put emphases on decentralisation, de-concentration and/or limited school autonomy?). This especially relates to the VET system and the involvement of other key stakeholders in this field. The abolishment of the Ministry expert group on decentralisation adds to this problem, as does the fact, that related expert groups lacked an institutionalised mechanism to compare and combine related issues/recommendations with each other.

Implementation of the reform strategy - first reform initiatives

The MES has identified the lack of professional institutions and capacity/modern expertise (within the ministry and at the school level) as impediments to the further development and implementation of the reform strategy. Accordingly, the Ministry has paid special attention to capacity building of its staff and other expert staff at central level and, to a certain extent, at school level, and it will continue its efforts. The Ministry has also expressed its plan to establish three professional institutions: the National Centre for Assessment and Evaluation, the National Centre for In-service Teacher Training and the Centre for Vocational Education and Training. However, for the moment the Ministry agenda is extremely overloaded with the current reform agenda and the running of day-to-day administration business. And this overload leads to a gap between central guidance/control by the Ministry and evolving initiatives within schools, especially with respect to clear definition of roles of key actors of decentralisation, which is a precondition for a transparent relation between all administrative levels. It seems that up to now policy could not guarantee sufficient information on reform issues for all education layers in VET on equal terms.

The input of the expert groups in the development of the reform strategy has been important but it cannot be expected that these expert groups will be able to act as agents of change, especially when it comes to concrete measures of implementation (definition of rights and responsibilities, capacity building, transparent information) on regional and local level. The most important agents of change are the headmasters and the teachers themselves. But they have to be motivated. There is a chance (Amendments, article 13) that a teacher at the end of his professional training may qualify for the title of a pedagogical advisor, mentor, instructor and higher pedagogical counsellor, but it has not yet been realised. However, this may be a strong motivation factor, which will affect teachers’ career paths positively (like in Slovenia). The school director could evaluate performance and this could produce an innovative climate by offering a greater chance for promotion. Teachers need incentives to engage in the extra work related to VET reform.

Schools, by the amendment of the law, must establish School Boards, thus strengthening their role in the decision making processes at local level. However, as experiences in other European countries show, transfer of decision-making competencies to local/school level needs to be accompanied by intensive, mid-term capacity building of key actors. (Limited) observations by the Peer Review team related to the recently started work of the School Boards show that existing capacity needs to be strengthened, not only in the field of management and decision-making competencies, but also with respect to the involvement of key actors from the labour market on municipal level or existing school associations. Our experience at schools demonstrated that the School Board members are not fully aware of the potentials given by the Amendments. The Parent Council’s role is still underestimated.

Linking VET schools to the local community and making them responsive to the needs of the (local) labour market is a recognised aim of the VET Reform strategy. Therefore participation of representatives of enterprises in the School Board should be considered. School Boards do not include representatives of
enterprises and there is no recognition that they should be present. The involvement of stakeholders such as parents, teachers and members of the local community (e.g. university professors or members of the municipality) in the school boards is beneficial for the integration of the school into the local community, but the composition of the VET School Boards should also ensure the presence of economic actors. The Associations of VET Schools, which have been the main instrument of new curricula development, said that they involved employers, employment services and local authorities in their work but it appears that their presence has been rather weak.

The role and functions of actors on the regional level are not formally/legally defined yet. To bridge the still existing gap between an undefined regulatory framework on public administration levels and the development of regional (education) administration, a number of key projects supported by the international donor community, are supposed to develop valuable input for the definition of the role of Regional Education Departments on the one hand and of the School Inspection system on the other hand. Due to the differing objectives, methods, duration and target groups of these projects, overall co-ordination between these projects will be of utmost importance to create synergies for the reform on regional level. Furthermore, as most of these projects do not explicitly tackle VET issues, specific requirements for the VET system may remain unsolved.

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Monitoring and assessing the reform process

The lack of a sound information base on the requirements of the labour market and the links between VET and the labour market hinders the possibility for monitoring and assessing the effectiveness of the VET system. The Chamber of Commerce and Industry does not collect data on skill requirements in companies and it seems to be out of its scope at the moment. The data on (un)-employment and vacancies coming from the registers of the Labour Market Bureau at local and central level are valuable but have limitations. The number of unemployed, for example, can be different from what is reported by the registers, as some of the registered unemployed can be employed in the grey economy. Also the vacancies reported to the Labour Market Bureau do not reflect the total number of vacancies as even registered companies are unwilling to provide data. However, even this source of information seems to be underused. Schools have limited interest in assessing their own effectiveness by examining the employment prospects of their pupils and only one of the schools visited ("Mihajlo Pupin" technical VET school in Novi Sad) has established contacts to the Labour Market Bureau to find out how many of the school graduates are still on the unemployment register. The Ministry relies upon the enrolment aspirations of pupils as an indirect indicator for the need of the economy. The development of an information system (including both qualitative and quantitative information) on the interlinks between VET and the labour market and its use by both the MES and the schools is a prerequisite for the accurate monitoring and assessment of effectiveness of the VET system.

2.1.3 Recommendations

Considerable efforts will have to be undertaken to mobilise the human resource development needed to underpin decentralisation at different levels. A sound information system for monitoring and assessing the effectiveness of the VET system is needed.
reform and the VET system need to be developed and a locus for it (probably in the new VET Centre) need to be identified.

Information sources (both quantitative and qualitative) on the requirements of the labour market and its interaction with the VET system need to be enriched and the existing ones (e.g. registers of the Labour Market Bureau) need to be better used. Capacity building will have to be enforced at all levels. Due to the lack of available human and financial resources, it is recommended to establish mechanisms of "cascading" capacity building ('Train the trainers') to channel reform issues from central to regional and local level. The focus should be clearly set on the development of managerial skills, so that respective agents of change would be able to meet the requirements of educational decentralisation.

The team would like to put forward the following recommendations:

**Recommendation 1 – Put more emphasis on the structured involvement of other government bodies at national (Ministries, Agencies) and sub-national/local level and of the social partners**

- The role of social partners (and other governmental bodies) needs to be clarified institutionally at central and regional/local level and functions must be clearly specified for policy development and implementation as well as in terms of VET delivery aspects. A National Council for VET, proposed by the MES, bringing together key VET stakeholders and further defining a VET reform strategy should be established as a first priority. An expert group on decentralisation, with stronger representation of different VET stakeholders, could be re-established to play a key role in linking crucial issues of reform (e.g. general curriculum reform, teacher training, assessment) with the VET sector.

- Pay attention to the need to achieve a balance between demand and supply driven approaches and avoid an isolated education reform process. Since the definition of regions is still in the process, the timing is good for the MES to try to rally support from other interested ministries on the question of the optimal administrative unit size and locus for VET governance (related, if possible, to the concept of a regional labour market). For primary schools the municipality level is adequate, but for secondary and higher education both the governance and financing should be broader and be based on a regional level which makes economic sense and which forms a natural gravitation locus, typically with a city in the centre of the gravitation area.

**Recommendation 2 - A professional institution for VET, the Centre for Vocational Education and Training, needs to be established**

- A VET Centre - probably by but outside government and the MES and ensuring participation of major VET stakeholders on its supervisory board – should be set up. The VET Centre can give methodological support to the current reform (implementation) work of MES, monitor the VET system, provide assessment and certification procedures, organise development of text books, initiate research and development work, etc. The Centre could also relieve the MES by taking over the pressures from international contacts. Establishing satellite, regional VET Centres may be considered, corresponding to ‘economic regions’, that are the objects of regional development plans and economic policies. This would help link future needs with the VET system regarding: choice of school curriculum, duration of courses, re-

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21 However the case of Hungary with its approximately 3000 municipalities owning their schools seems to be deterrent, (and this over decentralised system surely has its disadvantages), but the relatively low number (about 150) of municipalities in Serbia seems to be a reasonable size to manage even secondary schools, from a Hungarian point of view at least.
configuration of the network of schools, provision of relevant adult training, etc. There should be a close relationship with Associations of VET schools. The ETF National Observatory could be operational within the VET centre to ensure dissemination of good practice from abroad.

**Recommendation 3 – Further Empower the Regional Departments of the Ministry of Education**

- The Regional Departments of the MES can be further empowered as intermediary institutions between central level (Ministry) and local level (schools). Further to the responsibilities for professional inspection (already attributed to them), organisation of teachers’ training and other types of training to VET schools can also be natural and desirable tasks for them in the short to medium term. Several pilot projects aim at developing input for the reform of Regional Departments of MES. We consider this as a substantial input to create ideas and guidelines for restructuring the regional administration level even before a final decision is taken on the new, general system of public administration. In any case, a strong correlation must be established with a reformed School Inspection system, thus avoiding duplication and contradictory results.

**Recommendation 4 - Put more emphasis on transforming schools into customer oriented organisations through empowering headmasters to respond to their new role and tasks.**

- One of the most essential actors of the reform is the VET school headmaster, who is a pedagogical leader but will also have to develop capabilities as a manager. This will include taking decisions on school production “mix”, quality care of education services, links with the local environment as well as relationships with the MES. Under conditions of change with the number of students falling, the school network undergoing changes, social partners starting a dialogue, competition will start among schools. Student enrolment cannot be taken for granted. It is very important to have good programmes and to attract students. Schools will have to become more customer oriented. The professional capability of the school director to act under changing conditions of market and democracy is crucial to the VET reform. Today headmasters are not fully ready for the new role and they need a considerable amount of extra training. This should be a top priority and could start immediately.

### 2.2 Finance

#### 2.2.1 The present situation

According to the existing law, vocational education and training in Serbia can be financed from different sources. Almost all sources of finance come from public funds i.e. the state budget. In addition to public funds, other sources of financing generally imply the following: donations, sponsorships, revenue from lease of facilities, revenue from service provision, revenue from sale of some assets, sale of products made school workshops, and student co-operatives.

The Ministry of Education and Sports in cooperation with the Ministry of Finance prepares the Annual Finance Plan. Funds provided on national level make part of the Republic’s Budget adopted by the Parliament. According to adopted funding formula, parts of funds provided on regional and municipal level have to be included into the annual Finance Plan, too.

At the beginning of the school-year all schools prepare annual financial plans. Plans are based on the previous year’s budget supplied by new planned activities approved by the Ministry, by calculating the number of students enrolled, number of classes and number of teaching hours. Average salary of the individual teacher
depends on the number of hours he/she teaches and on number of working years.

Financing is mostly based on a roll-over planning that is very much connected to the previous year’s budget. How much an individual school gets for operational expenses and for investments sometimes depends on the personal relations of the headmaster. In that case financing is not transparent and there is no space for the use of incentives, i.a. for generating demand for new training courses.

Over the last decade, in the Republic of Serbia (without Kosovo and Metohia), the share of total funds for education in the GNP decreased from 3.62% in 1990 to 3.36% in 1999. From the total expenditures roughly 90% goes to the salaries, 9-10% to operational cost and almost nothing to capital investment. Due to the difficult economic situation, low level of GNP and per capita income, low share of education in the GNP and state budget and low level of additional resources, the situation in VET is very difficult. Salaries of teachers and standard of teachers are very low, equipment and tools in VET schools are old and obsolete, and resources for running costs are very limited.

In Serbia, over-centralisation is characteristic for collection and distribution of funds for VET. Financial autonomy at the regional and municipal levels and financial autonomy of schools are very low. Authorities at the municipal level only dispose of resources allocated from the central level. Financial autonomy of schools is mostly limited to the administration of operating costs. In certain situations this autonomy is extended to administration of minor capital investments.

In a harsh economic situation, as were the 90s, and in an existing situation of big discrepancies in the level of development between regions, centralisation of finances has some advantages. In a centralised system it is easier to plan, control and redistribute limited financial resources. However, there are substantial drives in Serbia for financial decentralisation. The earlier measures towards some form of centralisation, with the intention to reduce the negative consequences of excessive decentralisation in the 80s, went too far and was motivated by ideological and political reasons. This system did not at all motivate regional and local communities to raise and put money in education; it did not motivate schools to use available resources according to real needs.

2.2.2 The team’s findings and conclusions

1. By decentralisation in finance we could understand two phenomena: (i) a greater freedom on lower levels to acquire financial resources apart from the central budget, or (ii) greater freedom on lower levels in distribution of the budget, a shared responsibility between the lower and central level in allocating money. Decentralisation by definition is closer to the second definition, that means greater freedom of the lower level of governance to dispose of resources. Implementation of any changes needs interested agents and a new regulatory framework. It requires that shared responsibility in finance should be institutionalised and responsibility and ownership must be made clear.

The prepared documents on the educational reform claim that decentralisation would bring about innovation of equipment and teaching materials and development of in-service training of headmasters and teachers. However, these expectations have not been recognised in the budget. There is no clear request to increase the share allocated to education as a percentage of either GNP or the state budget. And there is no mechanism allowing transfer of money between different budgetary posts.

The concept of regionalisation is not clear yet, even at the highest level of the state and

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22 Expert group for decentralizacija, DECENTRALISATION OF EDUCATION IN SERBIA, Belgrade, December 2001, p. 4.

government. There is one ‘region’, Vojvodina, where there are some sign of decentralisation in financing of education. According to the general law the amount of money to be spent on education is fixed, but the region can make use of it up freely.

4. Decentralisation implies, before all, transfer of competence for decision-making from the currently strictly centralised system to the local and school levels. In the recently passed Law on Local Self-Government local governments do not have rights to prescribe and allocate taxes. At the same time to avoid big discrepancies in the quality of education, mechanisms must be found to ensure that less developed regions will maintain some average standard for schools.

Decentralisation of financing of education should be seen also with a view to establish a mechanism to open possibilities for additional funds from other sources. In the majority of European countries there is a legal possibility for schools to raise additional money, and School Boards decide quite freely how additional funds will be spent. Some schools will do better, some will not. Consequently, differences between the schools will grow. While tolerating some inequality between schools to achieve efficiency, a balance must to found between the objectives of quality and efficiency. Another danger is – as it happens sometimes in e.g. Hungary - that the extra money raised by schools will be built into the school budget and the school will then get a diminished amount from the central budget. This discourages the more inventive schools to add up their budget.

To channel extra money into the school will require that headmasters must turn to become managers. This will require a systematic training effort so that headmasters’ job identity and capabilities are transformed from a mainly pedagogical towards a more managerial orientation. Our field experience indicated that proper co-operation with local communities and with local businesses has not been established yet. Adult education, especially training of the unemployed, has not been considered yet as a substantial additional source of finances.

It was surprising that financial problems were rarely mentioned in connection with other issues such as governance or curriculum. There are major constraints for financial decentralisation. Teachers by nature are usually counter-interested in that process and prefer a centralised financing system since they attach more value to safety and stability than to efficiency and innovation. This is also true for school principals. The current reform of curriculum (lengthening basic education to 9 years, and shortening secondary education to 3 years, or giving schools some freedom in framing their curriculum), the demographic situation (decreasing number of pupils in schools), and the comparatively low attractiveness of VET, will have an effect on financing. This calls for more careful analysis of decentralised financing. Since there is a lack of expertise in financial management in the expert groups under the auspice of the MES, the most efficient incentives for reforms aiming at decentralisation in VET still need to conceptualised and made operational.

In Hungary the process of decentralisation (especially in VET) was backed by financial incentives by establishing several funds (e.g. Vocational Training Fund). At the beginning it was not a big amount since companies were in bad condition, but nowadays it is quite a considerable amount. As to the issue of curriculum and finance, the hottest issue in framing school curricula in Hungary was to decide the number of classes (and consequently the amount of teachers to be employed) since it had financial consequences. The school pedagogic program is always a bargain between the school and the maintainer (municipality), because the latter one must finance it.

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24 Regarding the issue of decentralisation i.e. regionalisation at the recent TV debate of two candidates for the Presidency of Serbia (Kostunica, Labus), very opposite opinions and concepts were presented. Also Prime Minister Djindjic has different concept.
2.2.3 Recommendations

More resources from the central budget need to be devoted to VET. In the next 5-10 years vocational education and training has to play an important role in the economic and social development of the country. There will be a need to train and retrain a great number of people. Fulfilment of goals set up in the documents on educational reform, even in the longer run, requires much more financial resources than were invested in the last decade and are at the disposal at the present time. In spite of the harsh economic situation, if the quality of VET is to be improved and to fulfil the formulated goals, the share of education of the GNP and Republic Budget has to be increased. It is unrealistic to have a spectacular increase but, still, the increase should be substantial. Even if a good opportunity for increasing the total budget for education exists through donor spending, the commitment of the Serbian government is absolutely necessary.

The question of efficient allocation of resources has to be faced at Ministerial level, taking into account the poor conditions of the VET schools and the subsequent high needs for investment, on the one hand and the limited resources available, on the other hand. For example, there is room for reductions in the existing school network, and this will have to be analysed and tackled at national level, and operational models to implement changes must be found. Spreading existing resources over a reduced number of schools will allow more investments, however, it may create problems of reduced access.

The team would like to put forward the following recommendations:

Recommendation 5 – establish priorities carefully within different types of expenses

- Model simulations should be carried out based on the “cost of education”\(^2\). Juxtaposing “unit costs” of VET students with existing non-transparent allocations to schools would be advisable. At the moment there is a lack of transparency of how money is distributed between different schools, and different standards between VET schools are extremely big.

- It is important to prioritise costs: remuneration of teachers, capital investment, equipping schools, and teacher training. Priorities for the time being should be given to teacher training and equipping schools;

- It is essential to establish substantial capacity building for school headmasters regarding their capabilities in additional fund raising, sales promotion and economising with scarce resources as an integral part of the development of their modern school management skills. In some of the schools visited resources could be used better.

Recommendation 6 - Alternative financing mechanisms should be considered

- The existing financing mechanisms – where the state budget covers all expenses to salaries (90 pct. of total costs), and municipalities cover buildings and maintenance (10 pct.) – make changes in spending from consumption to investments almost impossible. At the same this regime does not contain any incentives to schools to economise on scarce resources. ‘Lump sum’ financing coupled with genuine unit costs financing of VET programmes could be piloted.

- Financial incentives need to be developed for social partners to become involved in

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\(^{26}\) The National Observatory has commissioned the G17 Institute to undertake a study in order to provide insight into these questions. The report will be finalised in spring 2003.

\(^{27}\) For the cost of VET please see results of a study financed by the European Training Foundation and undertaken by the National Observatory in 2002.
practical training. These incentives are today missing. Employers should be encouraged to take part in the provision of training. Just to avoid the free rider’s dilemma\(^\text{28}\), the firms or even small entrepreneurs who would take part in practical training by offering placements for VET students should have some alleviation in the taxation, or other form of incentives.\(^\text{29}\)

**Recommendation 7 - Decentralisation of finance needs to be combined with compensatory and redistributive mechanisms.**

- In order to increase motivation and flexibility at the regional and municipal level, it is necessary to reach a certain level of decentralisation. However, taking into consideration big differences in the development level among regions and municipalities, the decentralisation level in financing should be kept to a limited scope. Decentralising finance without a compensatory system could deepen the gap between the rich and the poor regions since only the richer will be able to afford well-equipped secondary schools. There is also the very substantial question of ‘standard’; if decentralisation ensued before this challenge has been coped with, it is likely that equal standards will not be introduced for a long time. In order to maintain similar standards, some redistribution measures will be absolutely necessary.

### 2.3 Curriculum

#### 2.3.1 The present situation

In May 2001 a VET reform team was set up. Decentralisation was a top priority: VET should re-focus in the direction of the local socio-economic environment, which had had too little influence before, incl. in the period of the ‘profession oriented schools’ since the early 80’s.

The first decentralisation step was to give the Association of VET schools in each sector new roles and responsibilities (thereby replacing the former centralised curriculum teams): among others, to make prognoses of needs, propose new job profiles, and to produce new education programmes and curricula. These associations are closer to the labour market as they include, besides all schools in the specific fields, social partners as well as university faculties. The second step of decentralisation will be to improve the influence of the Associations of schools and the social partners. They will be asked to draft new curricula for two new sectors, medical schools and economic schools. In the future the role of the Ministry of Education and Sports is seen as having only two main components: Standards and Control – whereas the space between ministry and schools will be covered by an enhanced role for the social partners and the Associations of VET schools.

A first pilot project for curriculum reform was started in agriculture with the participation of all 37 agricultural schools in Serbia. ‘Agro-food’ was chosen because industrial restructuring is still un-clear, a secure choice, so to speak.

The pilot project in VET sits in a broader curriculum reform context. The government has decided to extend compulsory education from 8 to 9 years taking effect in VET from school year

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\(^{28}\) Companies do not want invest into training, because they are afraid of that the others cream off their trained workers, since the others can offer higher wages sparing the cost of training. So each company waits for the other one to invest into training (free rider strategy). Like in the case of the prisoner’s dilemma one solution is cooperation, where companies pursue a common strategy (financing joint workshops like in Germany), or the other solution is to have a coordinator (usually the state), who coordinates (to set up a VET Fund, where payment is obligatory by the law).

\(^{29}\) In Hungary employers should pay into the Vocational Fund some contribution (1,5% of the payroll), but it can be paid directly to a vocational school, or this amount can be reimbursed if the firm applies apprentices for practical training.
2006-7. And the MES is working hard to establish a new national framework curriculum for the whole education system. Under this new system of a national framework curriculum, schools will have to develop an individualised school curriculum. The national curriculum describes the basic (general) subjects from the first grade of compulsory school to the last grade in secondary education. For VET schools, 40% of the curriculum will be general subjects prescribed by the new curriculum framework (mother tongue, foreign languages, math), whereas 60% will be vocational subjects – and these 60% decides which school it will become. It appears that general subjects will not be “dedicated” to VET programmes. The responsible actors in VET component curriculum design will be the Associations of VET schools, incl. the social partners. These associations were there before - and were strong - in former Yugoslavia, former links between schools, social partners and faculties are thus in effect being re-established.

The new curriculum team for agriculture and food processing started with an analysis of existing programs. There was a need for new profiles, more practical learning and more theoretical-vocational teaching. The new system has reduced the number of profiles and has created a flexible system easy to adapt through establishing a modular system. The system has two levels: (i) technician level lasting 4 years and giving a “double” qualification, and (ii) skilled worker level lasting 3 years and preparing for work. For the first time professions such as baker, butcher and milk processor have been covered by 3-year programs in Serbia. However, students can get proficiency/competency certificates already after 1 year as well as after 2 years. In the pilot programme there are 2 days of practice during the first year and 3 days of practice during the second and third years. Practical teachers combine theory and practice in their teaching and all have a pedagogical qualification.

The modular principle makes early access to the labour market possible while allowing students to return to the education system to upgrade competencies at a later stage. More than 250 modules have been developed. They enable a flexible education for the needs of the local community. Schools make choice of modules in co-operation with local communities and the local labour market. The new School Boards endorse the school VET programmes.

2.3.2 The team’s findings and conclusions

The definition of “curriculum” is relatively complicated. There are two poles, which lead to quite different approaches to an analysis of curriculum reform. The two definitions can broadly be presented as follows: (i) The broad definition: “The totality of what a student experiences during a course, as a consequence of intended as well as unintended learning processes”; (ii) the narrow definition: “The whole set of documents which regulates the organisation of teaching and learning processes”.

We are not able to base ourselves on the first, broad definition, as no teaching was observed and we have no clear idea of how learning processes are implemented in classrooms and laboratories/ workshops. The observations and findings must therefore be based on the second definition, and also here there are some limitations due to the fact that we only have short, translated papers on the modernised curriculum system based on the pilot programme in the field of agriculture. In this review the main emphasis will have to be on curriculum design. “Delivery” – teaching and learning – was not observed, and “assessment” was only briefly discussed, in particular related to the transformed role of the School Inspectorate. These limitations, however, do not make an assessment impossible or invalid.

A decentralised VET system in Serbia implies that VET schools become more autonomous than before. The question is: does the new curriculum system sufficiently support the intention of radical curricular decentralisation and increased freedom to VET schools?
1) The Curriculum papers contain only (1) a list of new educational profiles with a number of occupations, and (2) teaching plans (syllabi). In the MES team set up to establish a new general/over-arching national framework curriculum the emphasis is on transforming national priorities into curriculum principles by describing Aims, Objectives and Assessment criteria instead of the hitherto Syllabus level with a view to ensure more autonomy for schools and teachers by expanding choice in ways of achieving goals. This principle was not followed in the pilot VET programme.

2) To allow more room for schools a need exists to formulate competence-based output profiles of "occupations": this would also be a fruitful interface between the world of work and the world of education – what specific work functions must a worker be able to master? If such goals/objectives are clearly described and adequate assessment forms specified, the pedagogic "space" available for schools and teachers delivering the curricula widens considerably.

3) This need for a sharper focus on output profiles described in terms of action competencies has been demonstrated also in the medical school programmes for the education of nurses. This is a law regulated profession in the EU, and when Serbia compared with and adapted their programme to the EU standard, it became clear that the existing education is at a comparatively high theoretical level but lacked practical know-how and key competencies such as personal skills, communication skills, etc.

4) What is also unclear at the moment are precise definitions of key concepts. What is a "module" in the new pilot programme? It is presented, as a thematic unit but appears to be corresponding to an ‘occupation’, e.g. a one-year "grade". This means that the modular principle refers first and foremost to the 3 steps of access to the labour market in a flexible system, and nothing more. But the modular principle could be used more flexibly.

5) Another unsolved problem is the balance between the different actors involved in national curriculum development in VET. There is a tension between the school-company interface and between the need for national standardisation of qualifications and the wish for enhanced school autonomy.

6) There is a low level of involvement of social partners in VET curriculum design, delivery and assessment. There also appears to be a low preparedness to play such a role. The leadership of the Chamber of Commerce and Industry is not geared to undertake the traditional jobs of Chambers, incl. participation in the curriculum development cycle as well as examinations and certification. Taking part in practical training is uncommon. Research on manpower demand has not been done yet. It was clear that the capacity of the Chamber is limited in coping with these tasks.

2.3.3 Recommendations

The ambition of the peer review team was not to provide a model for VET governance in Serbia but rather to identify open questions in the process towards decentralisation of the VET system and provide recommendations on what the next steps of this process could be. However, taking into account the present situation in Serbia and the knowledge of the peer review team members of alternative arrangements in the area of curriculum design, delivery and assessment, the team felt able to propose a regulatory framework for a modernised curriculum system distributing possible responsibilities to the several stakeholders. This framework can be used as a platform for discussion between the Ministry and stakeholders.
**Recommendation 8 – Decentralisation of the curriculum process (design, delivery and assessment) requires a stronger role for the central levels**

- As is demonstrated in the figure above, there is a need for a stronger role of the MES in curriculum development than is realised at the moment. The Ministry must formulate policy, give guidance and establish a regulatory framework to support the decentralised work with curriculum design. And there is also a need for methodological inputs to the curriculum design process by establishing an expert institution in the field, e.g. a national VET Centre. What also comes out clearly is the need to separate the tasks of the national, sectoral curriculum groups from the tasks of the schools: aims, objectives and assessments versus content, teaching plans, organising of learning processes, etc.

- The central level should take a clearer lead than was foreseen in the pilot project in agriculture and food processing – responsibilities and tasks at the different levels should be clearer formulated to give direction to the actors at decentralised levels.

- The methodological basis for VET curriculum development must be strengthened through the establishment of a national VET Centre giving systematic inputs to the curriculum officers in the MES, the Associations of VET schools/the social partners, and the schools. A more precise formulation of the principles and practices of a modularised VET curriculum system will be needed.

- The social partners should have an institutionalised role and clear responsibilities on the input side: design of curricula, and on the output side: assessing/testing the outcomes of the education process in schools. An advisory role on the process side: teaching and organisation of learning processes in schools could be contemplated as well. There is a need to establish self-regulating mechanisms between the production of skills (supply) and the consumption of skills (demand).

**Recommendation 9 – Strengthen the role of VET School Associations**

- The Associations of VET schools are a good instrument to mediate between the MES and the individual schools and to pave the way for increased decentralisation in the area of curriculum development. Their role should be institutionalised in the development of new curricula and

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30 See also relevant recommendation on the establishment of a VET Centre in the part of this report on Governance.
assessment of outcomes of the education process and by providing capacity building and professional support to their members.

- However, the articulation of labour market needs in this configuration is not clear and must be strengthened in the future. Development of curricula would profit from starting with defining output profiles of courses. To date the curriculum process appears to be based mostly on an educational logic, and curriculum development starts too closely linked to the teaching process. A more precise interface between labour market based occupational profiles and educational profiles should be established. The number of economic profiles which is now in excess of 500 needs to be reduced in such a way that similar skills and competencies are grouped together and the programs updated with new technological, organisational and computer related elements. Before curricula are changed it would be mandatory to find out about the profiles from the existing enterprises as well as check with occupational profiles in other countries, which are technological front-runners in those sectors of the economy, which are being developed in the Serbian regions.

**Recommendation 10 - A systematic teacher-training programme to empower teachers to deliver the new curricula will be needed.**

- It is unclear how much freedom teachers have in organising learning processes under the new system. There are no indications of curricular delivery “space” available for schools/teachers. However, modern curriculum delivery will require teacher training which could start immediately and be supported by the upcoming CARDS VET programme.

**Recommendation 11 - Schools should be encouraged to design special adult training curricula and become general training centres for all age groups.**

- The present mismatch between labour demand and labour supply and the large number of illiterate or semi-illiterate persons in Serbia clearly point to the need to strengthen adult education facilities. Very few regular schools cater for adult education programmes and they are mostly in the domain of open universities and colleges that have been reduced to 1/3 of the pre-transition number. Also there is a lack of supply for short training programs to the (un)employed. Making schools the locus of such activity is cost-effective and very timely since new curricula are being drawn up and this is the right time to focus on flexible redefinition of adult training programs. Financing of such programs could be partly commercial, largely from local government sources, training funds of local employment services and from participants themselves. The commercial orientation would also strengthen the financial position of schools, which could be used to improve facilities and equipment in regular education.
CONCLUDING REMARKS

The Ministry of Education in Serbia has made serious efforts in developing a strategy for reforming the education system, also including secondary vocational education. Decentralisation is one of the main objectives of this strategy and actions have been already undertaken in order to increase school autonomy. However, a number of internal factors to the education system and the reform process as well as external ones put constraints in the development of a decentralised model of vocational education and training provision. Internal factors include (i) limited institutional capacity (in terms of both expertise and availability of institutions) at central level to provide professional support to schools in the implementation of the reform process and (ii) the low level participation of social partners in the reform process. External factors include (i) a sub-national public administration system in transformation and (ii) limited resources available by both the central budget and the social partners.

Although the Ministry of education cannot do a lot to influence the external factors, it is essential that it deals with the internal ones. Priority actions need to focus to on (i) the development of a strong central level which can provide guidance and professional support to schools and intermediary institutions (such as the Regional Departments of the Ministry and VET school associations) and (ii) the structured involvement of social partners in reform process and its implementation. The immediate necessary next steps include the establishment of a VET Centre as a strong professional institution and of a National Council for VET as a policy development body.

The upcoming CARDS 2003 VET project will tackle a lot of aspects of the VET Reform such as curriculum development and social partnership for policy development and implementation and it is expected to (1) act as a catalyst in the relations among different stakeholders and (2) provide the necessary resources both human (expertise) and financial in order to go forward with the modernisation of the VET system. However, the implementation of the CARDS project – and the discussion with donors on other projects - will be very much helped and its whole effectiveness and impact will be multiplied if the Ministry of Education has already forward the establishment of the new professional institution and policy making body.