

SERBIA

ETF COUNTRY PLAN 2007

1. Socioeconomic background

Serbia has made notable progress towards being a functioning market economy, and economic and macroeconomic reforms of the last 5 years have resulted in GDP growth (6.3% in 2005)¹ and an increase in foreign direct investment (5.7% of GDP), mainly due to the privatisation process. According to the IMF, moreover, economic and monetary policy measures have helped contain inflation. GDP structure by sector of economic activity has changed in recent years, with a decrease in the share of agriculture (to 16.2% in 2004) and an increase in the share of services (to 57.4% in 2004); industry's share has remained relatively stable. The privatisation of large state-owned enterprises has been a difficult and lengthy process due to outdated equipment and technological processes, uncompetitive products and a lack of markets, but so far around 1,400 companies have been sold. However, the issue of company effectiveness needs to be further addressed through the restructuring process, as these are typically featured by over-employment and a lack of transparency and accountability. Small and medium-sized enterprises (SMEs), which account for 55% of total employment, represent a rapidly developing sector, with a profitability rate of 40%. Around 30% of GDP is attributed to the informal sector.

The structural adaptation of the economy has placed significant pressures on the Serbian labour market. The labour force activity rate (65.2%) and the employment rate (51%) decreased slightly in 2005 in comparison with 2004. Activity and employment rates for women (56.2% and 40.8%, respectively) and for young people (35.8% and 18.7%, respectively) need to be further addressed. The transition process in Serbia has resulted in high unemployment (21.8% in 2005), with women (27.4%), young people (47.7%) and minorities particularly affected. The long-term unemployment rate is still high and the average duration of unemployment is 44 months (2005). Among the long-term unemployed, women and the less well-educated are the most affected. Labour market opportunities for people with disabilities in Serbia are limited, and regional unemployment and employment disparities remain one of the biggest challenges facing Serbian socioeconomic policy making.

Donor interventions in vocational education and training (VET) have resulted in the introduction of new curricula and new methods of learning and teaching. However, the latter have not yet been fully integrated in the VET system, which, in general, still lacks the flexibility to adapt to changing market and social needs. This is broadly recognised as an impediment to the development of a dynamic, entrepreneurial and well-educated labour force. The adult education and training system is particularly underdeveloped. Overall there is a great need to develop an effective lifelong learning (LLL) strategy. The public resources for education are very limited and private funding (e.g. from businesses) has not yet been mobilised. The proportions of GDP allocated to public expenditure on education and to research and development are 3.4% and 0.25%, respectively.

Serbian institutions have a relatively high competence in policy design, evident in the many strategies that have recently been launched. However, the experiences of recent years have also revealed that inter-ministerial cooperation continues to be weak, a fact which particularly undermines the implementation of both national and EU policies. There is a tendency to underestimate the resource commitment required in terms of people and finance to meet the challenges of EU integration, and central and local government linkages need to be fortified in order to better exploit EU co-funding and help address territorial inequalities. The introduction of the EU statistical nomenclature of territories (NUTS) could contribute to better identification and policy targeting of economic problems at the local and district levels.

¹ All data quoted in this document are from: (i) Labour Market Review of Serbia, ETF 2006 and (ii) Country Analysis: Serbia, ETF 2006

As regards social inclusion, measures have been adopted to promote the participation of members of minorities in the education system and their representation in public administration. Problems persist, however, in the area of information in minority languages. Minority communities appear to be undereducated in comparison with the average for the country. Although the government has adopted a number of action plans in regard to the Roma people, their situation remains precarious.²

2. Key policy issues and strategies in human resource development

Serbia has made good progress in a number of areas, including education, employment and social policy, and SME policy.

A National Strategy for Economic Development was adopted by the government in November 2006 with the following strategic directions and objectives: (i) establishment of an attractive business environment as a fundamental precondition for increasing the overall competitiveness of the Serbian economy; (ii) development based on knowledge and management of human resources; (iii) development of efficient and effective economic infrastructures; (iv) harmonised stable development of the social role of the state; (v) more equal development of the regions (especially southern Serbia, Kosovo and Metohia); and (vi) sustainable development, with economic development harmonised with social development and social partners.

In addition, the government of Serbia adopted a National Employment Strategy for the period 2005-2010 that addresses all 10 European employment guidelines, but focusing on 2 priorities of particular importance for Serbia, namely (i) support to foreign direct investment and activation of domestic savings so as to maintain and create employment; and (ii) reduction of regional labour market differences. Implementation has commenced through the adoption of a National Employment Action Plan for the period 2006-2008, which is based on the following priorities: (i) reducing unemployment and increasing labour market competitiveness; (ii) broadening the scope and types of active labour market measures; (iii) solving the working and legal status of redundant employees; (iv) improving social dialogue and the effectiveness of socioeconomic and local employment councils; and (v) decentralisation and modernisation of the work implied by the National Employment Strategy.

The Ministry of Education and Sports has launched initiatives aimed at modernising the education and training system through the elaboration of policies and piloting activities. Despite the delays occurring as a result of frequent ministerial changes, work in the field of VET has progressed—primarily in the form of high quality, comprehensive policy papers (a white paper, a green paper for VET, and a paper for the development of adult education, dating from 2005). The ultimate aim is to draw education and the economy closer, by developing a national qualifications system, setting up quality assurance mechanisms, and modernising curricula.

The Serbian government also adopted a poverty reduction strategy paper in 2003, which identified groups particularly affected by unemployment and poverty (such as dropouts from primary education, populations in rural areas, and economically and socially excluded groups including refugees, internally displaced persons, Roma, and persons with disabilities). The highest levels of poverty are to be found in rural areas in southeast Serbia, which the population is 2 times more exposed to poverty than the general population. The 3 main directions of this strategy are: (i) dynamic economic growth and development that emphasises job creation; (ii) the prevention of new poverty resulting from economic modernisation and restructuring (which implies the need to provide economically and socially acceptable alternative work for employees who become redundant as a result of the transition process); and (iii) efficient implementation of existing programmes and the development of new programmes, measures and activities that directly target the poorest and most vulnerable groups, particularly in the least developed regions.

Even though progress has been achieved at the policy level, an even greater effort will be required in order to implement these important strategy documents. In this respect, the capacity of the relevant institutions should be adequately strengthened in order also to maximise the outcomes of EU assistance programmes. There is a need to fortify central and local government linkages so as to better exploit EU co-funding and to help address territorial inequalities. The capacity of local authorities and of social partners should also be further improved in order to enable them to properly manage the decentralisation process.

² Enlargement Strategy and Main Challenges 2006–2007. Communication from the Commission to the European Parliament and the Council. COM(2006) 649. Brussels, 8 November 2006.

3. EU and other donor policies and interventions

The EU (through its Community Assistance for Reconstruction, Development and Stabilisation (CARDS) programme) and other donors have been carrying out targeted interventions in human resource development (HRD) in order to alleviate high unemployment and poverty rates and to support VET reform in Serbia.

EU-funded HRD projects started in 2005 and continuing in 2007 (CARDS)

- **VET Phase II:** This project is aimed at institutional capacity building of the Ministry of Education and Sports and other stakeholders in terms of developing and implementing a VET policy and strategy framework based on partnership and on ensuring linkages between training provision and economic development, strengthening the capacity of national and local actors to design and implement new VET programmes for young people and adults, and upgrading school infrastructures.
- **Support to Municipal Development in Southwest Serbia** (Sandzak region): This is aimed at improving municipal capacity to plan and implement selected priority projects based on sustainable development plans and EU funding requirements, creating inter-municipal and area-based development partnerships for sustainable socioeconomic growth, and better exploiting future EU funding support for southwest Serbia.
- **Municipal Improvement and Revival:** This programme aims to provide support to the government's efforts to achieve durable political stability and social and economy recovery in southern Serbia.
- **Refugees and Internally Displaced Persons-Support to Closure of Collective Centres:** This programme is aimed at supporting income generating activities.
- **Enterprise Development and Entrepreneurship:** This programme focuses on (i) strengthening the institutional framework for policy development and implementation (including support for meeting the conditions and terms of the European Charter for Small Enterprise; (ii) improving the capacity and effectiveness of SME support structures (especially the national network of regional enterprise support centres) so as to provide quality business development services; (iii) developing a national innovation strategy; and (iv) establishing an enterprise development and innovation grant fund.
- **Regional Socioeconomic Development:** This 2004-2006 programme addresses HRD in three pilot regions (Banat, southern Serbia and central Serbia).

EU-funded projects planned to start in 2007 (CARDS)

- Strengthening the structure, institutional capacity, operations and procedures of the Ministry of Labour, Employment and Social Policy (twinning project).
- Improvement of the efficiency and effectiveness of the National Employment Strategy by providing better services to all clients (twinning project).
- Active labour market measures (a continuation of the Employment Support Programme 2004-2006, aimed at making labour market instruments more effective by activating and enhancing employability).

Other donor projects

- World Bank: an Education Improvement Programme loan aimed at modernising the education system (and including the development of an IT system).
- German Technical Cooperation Agency (GTZ): funding for an ongoing VET reform programme in 35 pilot economic-related schools.
- Swiss Agency for Development and Cooperation (SDC): establishment of a teacher training system.
- British Council: funding for a project on quality assurance measures in the Ministry of Education and Sports.

- Canadian International Development Agency (CIDA): operation of an Educator Development Programme providing educational management training for key actors at different governance levels.
- European Investment Bank: a 25 million EUR loan agreement recently signed for rehabilitation of pre-university school infrastructures (implementation to be supported through CARDS VET 2005 technical assistance).

The ETF

The ETF has organised several staff development seminars on secondary vocational and adult education. Of particular importance is the development project for a national qualifications framework (NQF), a VET glossary prepared in the Serbian language, and the ETF Transition from Education to Work project.

Instrument for Pre-accession Assistance (IPA) 2007-2013

As a potential candidate country, Serbia will receive EU support through IPA Component I (Institution Building and Transition Support). In the HRD field, EU financial assistance will address the following mid-term priorities:

1. Enhancing access to employment and participation in the labour market through active labour market measures and modernisation of labour market institutions.
2. Promoting and implementing education system reforms aimed at developing the economy and meeting the demands of the Lisbon agenda.
3. Fostering social inclusion, most particularly for disadvantaged people, through support for the reorganisation of social welfare services and the development of comprehensive social inclusion strategies.
4. Enhancing the investment climate and support to SMEs, including further development of local/regional business support structures.

4. Mid-term perspective ETF intervention strategies

In accordance with its mid-term perspective for 2007-2009, the ETF will provide assistance to Serbia in reforming the education and training system in an LLL perspective and in developing links with the labour market in the context of new EU external assistance programmes.

The ETF will aim at contributing to efficient and effective implementation of IPA assistance in the field of institutional capacity building and HRD, by facilitating policy dialogue and debate so as to improve the capacity of Serbian authorities to carry out policy analyses.

The ETF will continue to build on established networks of relevant partners, including public institutions, social partner organisations, donors and NGOs. In line with overall priorities, ETF support will include: policy advice, information collection and analysis, the promotion of best practice exchanges with other western Balkan countries and EU member states through peer learning activities, and the enhancement of donor coordination in order to ensure synergy and complementarity of actions in supporting Serbian institutions in their implementation of strategies/plans and development of innovations/learning projects, whose results will contribute to the formulation of reform strategies.

The ETF strategy of intervention is to consolidate the outcomes of existing or finished projects, to ensure consistency between projects, to ensure that policy proposals are taken forward and embedded in the national system, and to enable Serbian policy makers and stakeholders to take responsibility for reform.

In the mid-term period in Serbia, the ETF will address 3 policy challenges, described in turn below.

Governance, institution building and capacity building

In order to ensure more efficient and effective policy implementation in Serbia institutional capacities need to be enhanced, particularly in terms of improving governance and administrative capacity in HRD, education, training, and employment.

Even though Serbia has received quite substantial donor assistance, this has almost entirely been based on a piloting philosophy, and so has not succeeded in establishing a strong and sustainable system. The next step should therefore be to try to shape policies and interventions that transcend this piloting phase. There is a need to develop the capacity to analyse what has been and is being done and to design and institutionalise valuable inputs from positive experiences. A key pre-requirement in order to be able to achieve the latter is a strong commitment by policy makers in terms of the transfer of lessons from donor-funded pilot activities to the systemic level.

Many strategies and plans have been developed in the education and training sector, but not all have been adopted or implemented, and those that have been adopted (for example, in the employment sector) are only being implemented slowly. Aspects which particularly need to be addressed include: problems with the piloting philosophy and with absorption capacity, lack of inter-ministerial cooperation, poor involvement of social partners in HRD-related policies, difficulties with decentralisation in terms of policy delivery and sharing of responsibilities, and a lack of transparency in the decision-making process.

Measures

The ETF will concentrate support to Serbia on a number of policy learning activities, by providing assistance that ensures better governance of education, training and employment systems, as follows:

- Provision of input into IPA programming, with the aim of developing fully decentralised management, and with programming analysis and advice to the European Commission (EC) that is tailored to the specific needs of Serbia and placed in a strategic context (2007, 2008, 2009).
- Liaison with IPA country coordinators in providing quality inputs and suggestions to the country-based project (2007-2009).
- Establishment of permanent relations with parliamentary committees on labour market and education, and provision of updated analyses on Serbian development compared with other regional countries and the EU (2007-2009).
- Development and maintenance of ETF intelligence (political, socioeconomic, education and training and labour market issues) on Serbia, including a widening of in-country contacts and networks so as to reach higher levels of policy influencers. The ETF can facilitate HRD in Serbia by supporting the high-level policy group composed of high-level representatives of key ministries and social partners, created under the CARDS 2004 employment programme (2007-2009).
- Facilitate donor coordination through donor intervention mapping and information sharing (2007-2010).
- Contribution to the improvement of governance and administrative capacities in employment (2007-2010).

Outputs

- Updated country intelligence on political, socioeconomic, education, training and labour market issues.
- Inputs into IPA programming.
- Improved competences in change management through policy learning and the establishment of an inter-ministerial body for cooperation and coordination.
- Development of an instrument for development, planning, implementation and monitoring of active labour market policies.
- Development of concrete proposals for the EC in relation to the design of national EU-funded HRD interventions in the areas of economic growth and job creation (2007-2010).

General enhancement of education and skills

The enhancement of the education and skills of the population, which is important for the creation of economic growth and jobs, will require an integrated approach to economic development, employment and education that is based on EU integrated guidelines for growth and jobs, as also the identification and implementation of a comprehensive LLL strategy. In particular, this will require the improvement of the national educational structure, with a focus on ensuring the relevance and quality of infrastructures (particularly for adult training), promoting access for all, improving the quality of teachers and trainers, and promoting an integrated approach to counselling and guidance.

The enhancement of the education and skills of the population through better education and training opportunities requires improvement in the national educational structure, with a focus on regional and rural–urban disparities, gender issues, building adequate educational infrastructures, and counselling and guidance.

Measures

The ETF will support Serbia in a number of policy learning activities aimed at the development of an LLL strategy through institution building and systematic dialogue between the Ministry of Education and Sports, the Ministry of Labour, Employment and Social Policy, social partners and businesses at all levels, as follows:

- Facilitation of the design of an effective LLL strategy which takes into consideration the progress already made and which focuses on existing weaknesses and problems (2007-2010).
- Facilitation of the dissemination and implementation of EU Education and Training 2010 policies, the Copenhagen process, and the European Qualifications Framework (EQF), including the development of entrepreneurship learning (EL) in the framework of the European Charter for Small Enterprises through benchmarking, reporting and regional cooperation (2007-2010).

Outputs

- Delivery of support to the design of a lifelong learning strategy.
- Provision of policy advice to national stakeholders that addresses existing weaknesses and problems.
- Dissemination of relevant principles from EU policies and best practices through the HRD working group.
- Provision of inputs to IPA programming.

Social inclusion

The third challenge is to support the most vulnerable groups of the society—primarily the disabled, minorities and women. Employment policy measures and programmes—including education and training aimed at the most vulnerable groups of society—need to be improved in quantity and quality.

In the next 3 years, the ETF will concentrate on enhancing the capacity of Serbian stakeholders to address the issues raised by ethnic minorities and facilitate their social inclusion through education, training and employment opportunities.

Measures

- Identification of gaps in regard to the inclusion of ethnic minorities in education, training and employment (2007).
- Identification of elements of good practice (2007).
- Development of proposals for the EC (2008).
- Building of national stakeholder capacity in a policy learning context (2008-2009).

Outputs

- Identification of gaps in regard to the inclusion of ethnic minorities in education, training and employment.
- Identification of elements of good practice.
- Development of proposals for the EC in regard to the design of national EU-funded interventions.
- Improved capacity of national stakeholders in incorporating measures that address the specific needs of ethnic minorities in education, training and employment policies.

5. Work programme 2007: objectives and indicators

ETF 2007 Activities and Services in the Republic of Serbia							
ETF mid-term objective for Serbia: To improve networking and country intelligence and to provide policy advice to stakeholders and to EU services							
PROJECT NUMBER	PROJECT TITLE	SPECIFIC COUNTRY OBJECTIVES	EXPECTED OUTCOMES	ACHIEVEMENT INDICATORS	SOURCES OF VERIFICATION	YEARLY OUTPUTS	PROJECT DURATION
IPA 07-01	Facility to respond to Commission requests	To maximise the effectiveness of the IPA in the area of HRD, contributing to socioeconomic development of the country in the perspective of accession to the EU.	<p>EU-funded interventions in HRD followed up through an up-to-date donor map and monitoring.</p> <p>Updated analyses on labour market and education developments.</p> <p>Programming analysis and advice provided to EC services.</p> <p>EC programme aimed at supporting the adoption and implementation of a LLL strategy.</p>	<p>EC programming documents in HRD drafted that make active use of and reference to the findings and recommendations of ETF policy analyses.</p> <p>Monitoring reports on donors intervention prepared and disseminated.</p>	<p>Mission reports.</p> <p>Monitoring reports.</p> <p>Programming documents referring to ETF contribution.</p> <p>Project cycle management documents.</p>	<p>Country analysis on political, socioeconomic, education, training and labour market issues (2007).</p> <p>Monitoring reports on donors intervention prepared/disseminated (2007).</p> <p>Systemic stocktaking analysis of adult learning and continuous training conducted, with suggestions for inputs to a LLL strategy (2007).</p>	2007-2010
IPA 07-02	Education and Training 2010	To support policy learning.	Creation of a HRD steering group to follow up on HRD issues, made up of national stakeholders, including IPA country coordinators, the former country coordinator for the Copenhagen process and social partners.	<p>ETF key indicators document for Education and Training 2010 for Serbia.</p> <p>ETF report/ document related to Education and Training 2010 and selected policy priorities for Serbia.</p> <p>Country policy analysis document for quality assurance in education and training.</p>	<p>Progress reports.</p> <p>Mission reports.</p>	<p>HRD steering group established and operational (2007).</p> <p>Capacity building delivered to key policy makers and HRD working group members on selected policy priorities (2007-2010).</p> <p>Key Education and Training 2010 indicators prepared for Serbia (2007- 2008).</p> <p>Country policy analyses document for quality assurance in education and training (2008).</p>	2007-2010

IPA 07-03	Social inclusion	To identify elements of good practice for social inclusion of ethnic minorities through education and training and awareness raising.	<p>Elements of good practice for the inclusion of ethnic minorities through education and training in EU member states identified.</p> <p>Country specificities identified and action plan designed.</p> <p>Serbian key stakeholder active participation in the study for social inclusion.</p>	<p>Inventory of good practices.</p> <p>Action plan.</p> <p>Cross-country study on social inclusion.</p>	<p>Mission reports.</p> <p>Project progress reports.</p>	<p>Network of country institutions operating in the field established (2007).</p> <p>Action plan designed (2007-2008).</p>	2007-2010
IPA 07-04	EL	To support the implementation of the EU Charter for Small Enterprise.	<p>Review of policy indicators in Area 4 of the Charter in 3 specific fields: self-employment, career guidance and ISCED.</p> <p>Results from the Charter report used for future planning.</p> <p>Support for the creation of a country working group on the Charter with ETF support (through an expert acting as facilitator).</p>	<p>Active participation of Serbian experts in the review of policy indicators.</p> <p>Active participation of Serbian experts, education policy advisors and employers in a regional review of lifelong EL.</p> <p>Integration of Serbian experts in the ETF virtual EL/regional IPA community.</p>	<p>Country report on EU Charter. DG Employment cross-country report on the Charter.</p>	<p>Development of EL indicators and EL outcomes for all ISCED levels by national experts (2007-2009).</p> <p>Analytical paper on lifelong entrepreneurship learning developments in Serbia with policy provisions (2010).</p> <p>Conference on comparative approaches to life-long entrepreneurship learning (2010).</p> <p>ETF EL virtual community (2007-2010).</p>	
IPA 07-06	Governance and administrative capacity in employment	<p>To improve governance and administrative capacity in employment.</p> <p>To assist in developing, managing and evaluating active labour market policies.</p>	<p>Identification of indicators and descriptor levels for monitoring and evaluation of active labour market measures, validation at country level, and identification of further actions for input into IPA programme.</p>	<p>Indicators and descriptor levels elaborated for Serbia.</p> <p>Platform for assessment of administrative capacity established.</p> <p>Priorities for future action plans and input into IPA programming developed.</p>	<p>Set of indicators for performance measuring/monitoring of administrative capacity in employment.</p> <p>ETF mission reports.</p> <p>Reports from the ETF country validation and indicator verification meetings.</p> <p>Project' progress reports.</p>	<p>List of indicators and descriptors prepared for assessment of administrative capacity in employment and active labour market policy (2007).</p> <p>Selection of specific actions to increase administrative capacity (2008-2010).</p> <p>Revision of indicator and descriptor tool to increase administrative capacity (2008-2010).</p>	2007-2010

IPA 07-07	Learning and teaching	To build up communities of practice as a social learning platform for a better exchange of experiences with innovation in VET teaching and learning.	Improved familiarity of participant VET institutions with innovation in teaching and learning at the school level.	Common European policy frameworks translated into local didactic learning arrangements. VET-support institution staff prepared to carry out national VET/HRD reform activities.	National report on key competences. Project progress reports. Mission reports.	Project start-up workshop in a EU VET school (2007). ETF annual western Balkan VET teacher training conference (2007) One-week innovation and entrepreneurship training programme: (October 2007). Development school project implementation (2008). International conference on pedagogical approaches to innovation and entrepreneurship (2009).	2007-2010
IPA 07-08	Networking	To establish 2 stakeholder networks (parliamentarians and social partners) that will ensure active participation in policy formulation in HRD design and implementation relevant for the region.	Parliamentarians systematically engaged in policy learning on HRD reform strategies in the IPA region, with a view to promoting HRD as a political priority and to fostering regional cooperation. Fully functional platform established for policy learning for IPA social partners on strengthening the involvement of social partners at all levels in HRD policy development and implementation.	Permanent links with parliamentary committees and IPA national coordinators established. Serbian parliamentarian committees better aware of ETF activities and have provided strategic inputs to ETF work plan programming for 2008. Education and employment committee parliamentarians join some of the seminars/round table discussions on the Stability Pact. Social partners in Serbia better aware of ETF activities and have provided strategic inputs to ETF 2008 work plan programming. State of/gaps in social dialogue in Serbia identified for improvement in the area of HRD. EU HRD issues and good practice examples provided for both networks.	IPA programming. Event/meeting minutes. Projects progress reports. ETF report on the state of social dialogue in Serbia.	Informal meetings with individual parliamentarians about individual projects and the ETF work programme, including Serbia country plan (2007-2008). Field visits to different EU/partner countries (2008). Serbia country profile on social dialogue in HRD (2007). Study visit organised with the aim of developing links with existing European networks (2008). Seminar organised in the region towards the end of the year to analyse stocktaking exercise results (2008).	2007-2008