

SERBIA

ETF Country plan 2010-12

Summary

The overall objective of the ETF's 2010 Work Programme is twofold: to contribute to the interplay between EU internal policies and the implementation of its external relations policies in human capital development through vocational education and training reform; and to the development of partner country intelligence and capacities in planning, designing, implementing, evaluating and reviewing evidence based policies in vocational education and training reform. In 2010 cooperation activities will include the country review, analysing education and training, employment, and social inclusion, as an input in the IPA HRD programming process; the Education and Business national report in the framework of the Torino process; expert input in drafting the Law on Adult Education; workshops on EU policies in education and training and capacity building for the new Council for VET and Adult Education; and support in implementing the strategy of career guidance and counselling 2009-14. The expectations are that policymakers and key stakeholders in Serbia will strengthen their capacities in human capital development (HCD) policy planning and implementation, improve the potential for cooperation on cross-sector issues, and are better prepared to identify and develop actions for IPA funds contributions in HCD.

Besides country specific cooperation, Serbian partners will participate in ETF regional activities, involving all the partner countries of the Western Balkans and Turkey. These are organised in three ETF regional strategic interventions aiming at the social inclusion through education and training, supporting the policy dialogue on entrepreneurial learning, and mutual learning in key policy areas (for 2010 these will continue to be quality and quality assurance in education and training, post-secondary VET and adult education).

The above framework for 2010 follows the strategic objectives of the ETF strategy in Serbia for 2010-12:

- a) to assist in the IPA programming cycle as requested by the Commission and by engaging Serbian authorities and other partners in the process;
- b) to support governance in HCD by facilitating dialogue among stakeholders and by assisting to build their capacities; and
- c) to facilitate policy dialogue, sharing good practice and peer learning in partnership with other Western Balkan countries in the areas of education and training, social inclusion, and entrepreneurial learning.

1. Socio-economic background

Serbia has 7.33 million inhabitants, 52% of people live in urban areas, and the population growth rate is -0.46%¹. The population is predominantly Serb (83%) with significant minorities of Hungarians (300,000 or 4.1 % of the total population), Roma (1.4 %), and Albanians (0.8 %). According to the

¹ Statistical Office of the Republic of Serbia, January 2008. Census 2002: 7.50 mil 1991: 7.58 mil.

UNHCR, at the end of 2007 there were 97,995 refugees² and 226,350 internally displaced people. The Serbian diaspora is estimated at 4 million people.

Serbia has made significant progress towards becoming a market economy through a wide-ranging programme of democratic and economic reforms that started in 2001. Macroeconomic stability has been restored which provided basis for fast growth of the economy, and incomes have risen strongly. GDP per capita, estimated at US\$2,100 in 2002, has reached US\$5,400 (PPP US\$ 10,248) in 2007. During the same period, poverty fell from 14% of the population to about 6.6% according to last year's Living Standards Measurement Survey³; however, more than 500,000 citizens still live below the poverty line⁴.

The structure of GDP, amounting to about €21 billion, by sector of economic activity has changed slowly during recent years, with a decrease in the share of agriculture (16.1% in 2006) and an increase in the share of services to 50.0% in 2006 (predominantly non-tradable services unfortunately), while industry has slightly increased to 33.9% in 2006. Small businesses have become an important segment of the economy of Serbia: they contribute over 45% of GDP, 27% of exports, and 55% of total employment. Still, around 30% of the GDP is attributed to the informal sector⁵. According to LSMS 2007, almost 35 percent of employed persons were engaged in the informal sector. The Statistical Office of the Republic of Serbia gives much lower figure of 23.6% in 2008.

In the Ease of Doing Business Report 2010⁶ Serbia is ranked 88 (90 in 2009) out of 183 economies, but it holds a low position in the Global Competitiveness Report: in 2009-2010 it is classified 93 (85 in 2007-2008) out of the 133 countries analysed in the report⁷.

The current economic and financial crisis slows down the economy, puts at risk poverty reduction and affects employment. After staying between 5 - 8% during 2004-2007, GDP growth fell to 2.8% in the last quarter of 2008, 4.5% negative growth in the first half of 2009 and further growth decline projected for Serbia is likely to have substantial impacts. The crisis may increase poverty most in those parts of the country where a significant proportion of the population lives just above the poverty line. Social exclusion is also likely to rise, although the main drivers of exclusion remain largely unchanged, namely disability, age, gender, ethnicity, spatial exclusion, unemployment, and low educational levels.

According to the National Strategy of Economic Development of Serbia 2006-12 the Serbian economy in transition has a low-level and inefficient innovation potential which requires further development to be based on knowledge⁸. The National Programme for Integration with the European Union⁹ sets the agenda for the integration process in all sectors of economy and society. For human capital development it includes a number of short- or mid-term priorities.

2. Key policy issues and strategies in human capital development

2.1 Education and training

Investments in education

In Serbia public investment in education is relatively low but has an upward trend in this decade. According to the Second Report on the Implementation of the Poverty Reduction Strategy (August 2007), public expenditure for education (% GDP) increased from 2.7% in 2001 to 3.5% in 2006, and a

² UNHCR Statistical Yearbook 2007, June 2008.

³ World Bank 2009, Country Brief Report.

⁴ Government of the Republic of Serbia, Poverty Reduction Strategy, 2003
<http://www.prsp.gov.rs/>

⁵ The informal / grey economy constitutes about 35-40% of Gross Domestic Production (GDP), according to independent research by the Centre for International Private Enterprise, Economics Institute (May 2001/2002).

⁶ Doing Business in Serbia, The World Bank Group
(<http://www.doingbusiness.org/ExploreEconomies/?economyid=206>).

⁷ The report ranks the world's nations according to the Global Competitiveness Index (<http://www.gcr.weforum.org>).

⁸ The National Strategy of Economic Development of Serbia 2006-2012, p. 80-81.

⁹ National Programme for Integration with the European Union (NPI), Government of the Republic of Serbia, May 2008.

further increase of up to 3.9% was planned for 2009 (but may not be achieved because of the crisis). In the total budget of the Serbia for 2007, the share of education was 10%¹⁰.

Following eight-year primary education the secondary education consists of the general stream (four year gymnasias) with 24% of students, and the VET stream with 76% of students (53% in four year technical pathways and 23% in three year vocational ones)¹¹. Serbia also has 35 private secondary schools (high schools and vocational schools). In vocational education and training (VET) itself there are over 230,000 students in 333 vocational schools with approximately 15,000 teachers and trainers.

In higher education according to the data of the Statistical Office of the Serbia, during the 2005/06 academic year (the Statistical Yearbook, 2006) there was a total of 229,355 students in Serbia, and 110,520 students (48% of the total number) were financed from the budget. During 2007, vocational post-secondary schools went through the process of accreditation in which 48 of them were accredited and became "schools of applied studies" as part of higher education system. These schools are now closer to universities¹², and at the same time further from vocational schools, increasing the gap between VET and higher education.

Compulsory education (preparatory preschool and primary) and secondary education are free and funded from the state budget, but parents and students have to cover the expenses for textbooks, stationery, school trips etc. In higher education students pay tuition fee which is however waived for those who study with good results.

The system of financing education in Serbia is based on inputs using a formula for each type of school, including salaries, number of students, differences between school profiles, etc. But the formulas are not fully binding and their coefficients were set up in the 1990s¹³. While salaries are paid from the national budget, about 20% of public expenditure on primary and secondary education comes from local governments for financing the operating costs of schools and school staff development¹⁴. Many municipalities however fail to fully cover these expenses; for example it is estimated that only 30% of municipalities are able to fulfil their obligations towards VET schools. Large differences in local government spending on education reflect local policy priorities, but also severe budgetary constraints of municipalities in poorer regions.

The trend of declining numbers of pupils in primary and secondary schools has not been reflected by declines in teacher employment or number of classes taught. As a result the efficiency of the system has deteriorated. This is true not just because of a large number of very small classes in rural schools but because class sizes in standard schools have been allowed to fall as well. The teacher to student ratio went from 1:16.5 in primary schools and 1:13.6 in secondary schools in 2000, to 1:13.8 in primary and only 1:10.7 in secondary schools in 2006¹⁵, while the OECD average is 15.2 and 13.0. Another source of inefficiency is the large number of small schools.

The need for further investment in developing education and training is recognised in the Poverty Reduction Strategy Paper (PRSP)¹⁶ adopted in 2003 as well as in the National Employment Strategy (2005-10)¹⁷, the National Employment Action Plan (2006-08)¹⁸, National Plan of Action for Children (2004-15) (under revision), National Youth Strategy (2009-14)¹⁹, and in other strategic documents. In terms of improving the system of financing education the new Law on the Fundamentals of the Education System adopted on 31 August 2009 opens the door for per capita financing.

¹⁰ Centre for Education Policy, Education in Serbia, 2008. <http://www.cep.edu.rs/eng/?q=education>

¹¹ Fetsi, A. (ed.), ETF, Labour markets in the Western Balkans, Office for Official Publications of the European Communities, Luxembourg, 2007.

¹² In terms of duration of studies aligned on the bachelor level, of proportion of PhD graduates among teachers, and other accreditation criteria.

¹³ Masson, J.-R., ETF, Financing VET in the Western Balkans and Turkey, unpublished, September 2008.

¹⁴ Levitas, T. and Herczynski, J., The Finance and Management of Primary Education in Serbia: Findings and Recommendations, Development Alternatives Inc., July 2006.

¹⁵ Mijatovic, B. (ed.), Reforms in Serbia: Achievements and Challenges, Center for Liberal-Democratic Studies, Belgrade, 2008.

<http://www.clds.org.rs/newsite/Reforme08-eng.pdf>

¹⁶ Serbian Government, Poverty Reduction Strategy, 2003 (<http://www.prsp.sr.gov.yu/engleski/strateski.jsp>).

¹⁷ <http://www.prsp.sr.gov.yu/download/National-Employment-Strategy-Serbia-English-June-05.doc>

¹⁸ <http://www.prsp.sr.gov.yu/download/Nacionalni%20akcioni%20plan%20zaposljava.doc>

¹⁹ <http://www.mos.gov.rs/upload/dl/ENGLISH/nys.pdf>

For vocational education and training the National Action Plan²⁰ outlines the modified financing system to be developed as a 'dynamic model' combining the existing system with new elements of output based financing, namely the numbers of diplomas obtained and graduates employed, as well as short programmes implemented by vocational schools in a co-financing mode in response to local needs. The plan also proposes tax relieves for employers who organise student practice.

Access to education and training

Overall in Serbia the education system enables young people to access adequate learning opportunities and national authorities together with education providers are increasingly engaged in the debate on how to remove barriers to learning and solve persisting issues, especially regarding specific groups of people disadvantaged for different reasons in their access to education.

The official school enrolment rates slightly increased over the last years²¹ to 98.4% in primary, 77.8% in secondary and about 40% in tertiary education (2005/06). The dropout rates were 0.4% in primary and 2.3% in secondary education. However, other data show much higher dropout rates of 15% for primary and around 30% for secondary²², as compared to the official data which do not follow pupils by age cohorts.

According to the UNESCO Institute for Statistics adult literacy rate for Serbia was 96.4% in 2003, with a significant gender difference: 98.9% for males versus 94.1% for females, while youth literacy rate was 99.4% with almost no gender difference. The educational attainment of adult population is relatively low. Based on 2005 LFS data, almost 40% of adults (25+) had completed primary education or less and only 14% achieved higher education.

Some issues of access to education and training can be observed in the structure of education system, the existing learning pathways and the enrolment policy for transition between the education sectors. Those who graduate from three-year vocational profiles do not have equitable access to higher education, e.g. through a one-year additional general education programme leading to Matura examination. The existing gaps in the supply of education and training can also be seen as problems of access due to non-availability of post-secondary VET, short higher education VET and adult education and training opportunities in general.

In general there is a need for rethinking the overall structure of secondary education, through better links and horizontal and vertical pathways between general and vocational routes, and for promoting transition between secondary VET and higher education. These changes have to be considered in close relation with the development of medium and high-level qualifications, and in close dialogues with the social partners.

Existing policies and strategies do include measures to improve access to education and training, especially for disadvantaged groups, but a number of general issues of access, such as those mentioned above, seem to be neglected. One of the reasons appears to be that policy thinking and practice are still fragmented across the education and training sectors, over the many different groups of people disadvantaged in access to education, and without sufficient involvement of all the stakeholders in policy formulation and implementation processes.

Quality of education and training

Serbia strives for a modern education system which would contribute more efficiently to the economic recovery, in line with the EU policy as formulated in the Lisbon Strategy, support the development of democracy and contribute to the European integration process of the country. The evidence of that are the first achievements of the reform process improving the quality of education and training.

Further improvement of primary education quality appears to be necessary. A recent study²³ of Serbia's results in the PISA²⁴ tests points out that performance of 15 year old students is significantly

²⁰ Government of the Republic of Serbia, The National Action Plan for the Implementation of the Strategy for the Development of Vocational Education and Training in the Republic of Serbia 2009-2015, March 2009.

²¹ European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities, Social protection and social inclusion in the Republic of Serbia, 2008.

²² Government of Serbia, Poverty Reduction Strategy Paper, 2003.

²³ Quality and equity of education in Serbia: educational opportunities of the vulnerable, PISA assessment 2003 and 2006 data, Aleksandar Baucal, Dragica Pavlovic-Babic, Poverty Reduction Strategy Implementation Focal Point of the Deputy Prime Minister, Belgrade 2009.

²⁴ Programme for International Student Assessment.

below the OECD average and also lower than the performance of students in Croatia and Slovenia. It implies that the students in Serbia would require from one to almost three years of additional education in order to catch up with students from these countries. Apart from that, developing the competence of initiative and entrepreneurship remain to be addressed at the system level²⁵, as well as other key competences that serve for personal fulfilment, social inclusion and active citizenship, further learning and employability.

The secondary vocational education provided in around 250 profiles in the three or four-year curriculum undergoes the reform process driven by the EU CARDS programme since 2002. In total 58 new profiles were created and are implemented in 164 schools. The new curricula were developed in cooperation with employers and reflect their needs for new or improved knowledge and skills²⁶. However, the outcomes of the programme have not been properly evaluated so far and according to the data of VET Centre and Ministry of Education only 8.2% of vocational students are currently in the new profiles. This is still a pilot process and the major part of the VET system remains unchanged, with obsolete profiles, low in-company experience and inadequate practical skills training.

In order to support the education reform the Ministry of Education has currently undertaken a major legislative initiative by substantially revising the comprehensive Law on the Fundamentals of the Education System governing the pre-, primary and secondary education. The draft law was put up for public debate in June 2009 and adopted by the Parliament on 31 August 2009. The key innovations in the new law include:

- New principles of equity, improved access, individualised approach to learners, lifelong learning, and of better planning, quality and efficiency of education
- Educational goals of investing in human capital, developing key skills, matching competences to the requirements of jobs, economy, science and technology
- Standardisation of learning achievements, teaching and school leadership competences, and quality
- Establishing the National Council for VET and Adult Education
- Increased autonomy of schools and more flexible learning programmes
- Introducing per capita financing
- Quality assurance based on self-evaluation, external evaluation and development planning
- Redefining initial and in-service teacher training.

The National Action Plan for VET²⁷ developed by the EU CARDS programme in 2006 and adopted by the Government in March 2009 defines the following priority areas:

- Social partnership and VET
- National qualifications framework
- Curriculum development
- Professional development of teachers, associates and instructors
- Career guidance and counselling
- Entrepreneurship.

The plan proposes to establish a National Council for VET and Adult Education and an independent Centre for VET and Adult Education. The new education law codifies the Council but it leaves the VET Centre as part of the Institute for Education Improvement.

²⁵ OECD, European Commission, ETF and EBRD, SME Policy Index 2009, Progress in the Implementation of the European Charter for Small Enterprises in the Western Balkans, 2009.

²⁶ ETF, Report on monitoring the CARDS VET programme, 2008.

²⁷ The National Action Plan for the Implementation of the Strategy for the Development of Vocational Education and Training in the Republic of Serbia 2009-2015.

A high-quality teacher workforce is crucial for the performance of education and training systems as a basis for future global competitiveness. Of the same magnitude are the professional capacities of school principals in VET and adult education. In 2006 the Vocational Education Development Strategy was adopted. While a lot of teacher training has taken place since 2002 through pilot projects under the CARDS programme support, these efforts need to be taken forward to the systemic level. The ongoing implementation of school development plans should be underpinned by a systematic school principal training initiative, and broader provision of in-service teacher training and other forms of continuing professional development of teachers.

The National Action Plan for VET 2009-15 put forward clear guidelines for a strategy of continuous professional teacher development. However, in Serbia as in many EU countries, the critical factors are the need to reform initial teacher education in universities and critically assess the modern pedagogical competences of teacher educators in higher education and to upgrade these competences. The strategic first step should probably be to stimulate an in-depth innovation of vocational teacher educators, optimally as part of higher education reform along the lines of the Bologna Process, and enable universities on the one hand to effectively connect initial and continuing teacher training²⁸ and on the other become key drivers for improvement of general pedagogical competences and skills of teachers.

Adult learning

Adult learning in Serbia presents a developing and diverse picture²⁹. Education and training of adults is organised in different formal education institutions, agencies, companies, professional associations, by private providers and NGOs, as well as a range of public institutions such as museums, libraries etc. Thanks to the booming of private providers and NGOs the expansion has been particularly substantial in education to human rights, democracy and civil society, sustainable development, entrepreneurship, health care and prevention, IT literacy and foreign languages.

Companies have contributed to this expansion. Recent statistics from the World Bank about the percentage of firms offering formal training to employees reached 39.5% in Serbia, less than Slovenia (62%), Croatia (47.8%) or Bosnia and Herzegovina (42.4%), but markedly more than Bulgaria (28.1%), Romania (25.3), Hungary (33.9%), Albania (33.2%), the former Yugoslav Republic of Macedonia (29.5%) and Turkey (21.4%).

Continuing training in technical fields for the unemployed as well as for the needs of increasing competitiveness and/or preparing restructuring of companies is developing but at lower pace. The National Employment Service (NES) organised training for about 12,000 unemployed in 2007 out of a total of 450,000, making less than 3% unemployed involved in training. The Ministry of Education (MoE) started to set up pilot regional training centres based on existing and dynamic vocational schools with the support of CARDS. Another MoE initiative well worth mentioning here is the new network of regional centres for professional development of teachers, established with support of the Swiss Agency for Development and Cooperation.

One of the key problems for the development of adult education and training is the weak link between formal and non-formal education. There is no validation system for prior learning and non-formal training is not recognised, although the regional training centres based on VET schools have managed to develop 50 professional training programmes and delivered certificates well recognised in public. Another explanation is the low involvement of social partners in the establishment and management of CVET policies, as noted in a recent ETF report³⁰. Finally, the lack of public financing as well as the lack of co-financing mechanisms between the state and businesses and the lack of incentives aimed at businesses and at individuals hamper the development of adult education and training.

Adopted by the Government at the end of 2006, the Strategy for the Development of Adult Education defines the following objectives:

- securing the accessibility of education and training to all categories of adults

²⁸ The Law on the Fundamentals of the Education System foresees the implementation of reformed pre-service teacher training as of 2013/2014.

²⁹ National Report on the Development and State of the Art of Adult Learning and Education in Serbia; Snezana Medic, Katarina Popovic and Mirjana Milanovic; report prepared for CONFINTEA VI, the 6th UNESCO International Conference on Adult Education in 2008.

³⁰ Social Partner participation in education/training and labour market development. A cross-country IPA report. By Niels Haderup Kristensen, ETF, February 2008.

- decentralisation and a partnership approach
- quality assurance through legislation and the establishment of educational standards
- establishing effective ways of participation of social partners
- distribution of responsibility among relevant ministries and their agencies
- development of various programme options for better availability of adult education
- development of capacity and quality.

All this shows that the prevailing concept is adult education which insists on the needs of individuals and makes ample reference to illiteracy issues and where most responsibilities are given to MoE and other ministries, but which neglects training activities initiated by companies and in particular the development of on the job training/learning. There is no clear reference to any strategic economic development objectives, or any specific support for key sectors in development or in restructuring. Finally, even though decentralisation is mentioned, the approach remains centralised with programmes to be designed and accredited, a new financing system with no reference to cost sharing mechanisms and other incentives.

2.2 Employment and active labour market policies

The labour market in Serbia

The economic transition has brought profound changes in the structure of the job market. The Serbian economy is still in a phase of transition from a socialist planning economy with socially-owned and state large companies towards a market economy with private companies and where production decisions are based on the price system. This creates a whole range of problems for the labour market. The structural adaptation of the economy has created serious pressures on the labour market and job creation in Serbia remains a challenge. Socially-owned and state enterprises have been over-manned and workers protected and therefore comparatively immobile, all creating a rigid employment system. In April 2009³¹, Serbia had a population of 7,528,262, out of which 35.1% were employed, 6.5% unemployed, 42.8% inactive, and 15.6% aged under 15.

The distribution of occupations by sector shows a prevailing role of services (45.5%), while the primary sector accounts for 25.3% and industry 29.2%. Private sector wage employment, which should be the main engine of sustainable employment growth in the future, comprises less than 1,000,000 persons compared to the working age population of approx. 5,000,000. The labour market failed to absorb the employees shed by restructuring and privatisation processes, and to generate enough jobs for youth and adults queuing in the labour market. Despite a shrinking youth population, young people experience a troubled transition from school to work. According to LFS from April 2009, the youth unemployment rate was 40.7% (43.7% in 2007 and 35.1% in 2008).

The informal sector still has a role in the absorption of employment and income generation for a remarkably high percentage of mainly unqualified and unskilled workers. According to Statistical Office of Serbia, in October 2008 the informal employment was 23.6%.

Based upon education attainment, the majority of those without or with low education are employed in agriculture, while those with medium and high education are more employed in industry and services. Only 1% does not have any education at all, while the largest number, more than half, has secondary education.

According to the Labour Force Survey 2009, unemployed were estimated at 488,595, of which 49% were female, and 36% were seeking job for the first time. In April 2009 the LFS unemployment rate was 15.6% (14.0% in 2007 and 18.1% in 2008). Concerning the length of unemployment, 29.3% are seeking job for less than one year, 16.9% for less than two years and the vast majority for more than two years. A relevant percentage (14.8%)³² of unemployed is seeking for a job for more than 8 years (in Slovenia 5.7%, in Croatia 12.0%). The huge majority is without educational attainment.

³¹ Labour Force Survey.

³² Centre of Public Employment Services of Southeast European Countries, Statistical Bulletin No.2, July 2009.
<http://www.cpessec.org/documents.php>

Thus, the impressive growth of the GDP in the past seven years has not led to a significant increase in job creation. This is due to many factors:

- The privatization process has resulted in the loss of many of jobs available before in the state owned and socially owned enterprises;
- The lack of adequate investments necessary to overcome technological obsolescence of production capacities and foster economic development;
- The lack of coordination among national stakeholders and the international community with the result of many sector policies that may not be adequate to address the overall problems.

Employment policies and job creation

In this situation, it is crucial to establish the best possible conditions for creating more new jobs on market conditions. Employment policy was hardly given enough attention in the period 2000-2007, especially related to active labour market policy. Due to the unemployment benefit system and even more to the establishment of the Transition Fund³³ in 2002, the overall labour market expenditure adds up to 1% of GDP. With only about 0.1% of GDP devoted to active labour market measures in 2008, implemented by the National Employment Service, employment policies need to be given a more prominent place and become fully integrated within the overall economic development and education and training policies.

The government of Serbia adopted the National Employment Strategy 2005-2010 that defined measures for tackling unemployment formulated in the National Employment Action Plan 2006-08. An active employment strategy is based on increasing activities aimed at job creation:

- Private investments represent the basic source for creating new jobs and increasing employment. This heavily depends on the quality of human capital and on an increasing innovation, mainly within enterprises. Therefore, government policies should increase investments in human capital, in research-based technological renewal of products and processes, development of information technologies, and innovations.
- Small and Medium Sized Enterprises represent the backbone of Serbian economy representing 99.8% of the total share of enterprises and 65,5% employment: some 149,000 new jobs have been created between 2004 and 2007. SME contribute with 36% of GDP, 50.2% to export and 64% to import and 51.2% to investments in non-financial sector.
- Local employment and economic development experience of other countries shows that development of partnership, especially at the local level³⁴, is a key to solve problems of economic and social development, including employment.

A new National Employment Action Plan has been prepared for 2009 concentrating more on measures for employment growth in the legal economy:

- a) Maintaining the employment rate as in 2008 and finding solutions for redundant workers;
- b) Increasing formal employment in private sector and reducing regional disparities;
- c) Matching supply and demand at the labour market by implementing active labour market measures;
- d) Enhancing social dialog and increasing the efficiency of NES.

³³ The Transition Fund was established as part of the social program to stimulate severance of surplus workers with the aim to accelerate restructuring and privation and at the same time to facilitate re-employment through creating transition centres for counselling and re-training.

³⁴ The new Law on Employment allows matching funds of local self-governments with those of the employment service.

2.3 Social inclusion

This section draws mainly from the recent comprehensive national report³⁵ and from the new EC publication³⁶ on social inclusion and our experience in designing the two IPA 2008 projects in this domain, as well as the ETF regional project on social inclusion through education and training.

Serbian laws regulating education are increasingly based on the principles of non-discrimination and access to quality education for all, for instance the right to education for all, facilitating learning of people with disabilities, and other types of support to vulnerable groups. Key achievements from already implemented inclusive programs and projects include professional development of the teachers involved, successful promotion of inclusive practices, partnership between institutions and NGOs in inclusive practices, and piloting a program for functional primary education of adult Roma.

Children with developmental disabilities are in Serbia predominantly educated in special schools³⁷ or special classes in regular schools. Special classes in regular elementary schools existed in 90 regular elementary schools in the school year 2007/2008. Primary education for adults³⁸ is organised in schools for adult education. It can also be organised in every primary school which has adequate staff, space, curriculum, equipment and educational materials, as well as sufficient number of students.

The Roma population in Serbia has especially low education attainment indicators. According to 2002 Population Census data only 29% of the Roma population completed primary school, only 7.8% had secondary education and 0.3% had completed higher school or university. As found in the Living Standard Measurement Study 2002-2007, only 15% of children aged 3 – 7 attended kindergarten, while 73% of children aged 7 – 14 attended school in 2007 (56% in 2002).

The main challenges for further development of inclusive education include:

- Low coverage of children with pre-school education due to the lack of capacities in pre-school institutions, in particular for the rural children, children from families with low education level, Roma children, children with developmental disabilities;
- Dominant special/separate education of students with developmental disabilities preventing their increased inclusion (de-segregation) in regular schools;
- Low level of the inclusion of Roma children in the education system;
- Insufficient attention to the needs of children and young people from poor families with regard to education;
- Underdeveloped adult education programmes for acquiring elementary education, functional literacy and basic qualification (Second Chance);
- Insufficiently developed and inadequate formal education system for adults with disabilities;
- Lack of data on the enrolment and school completion, in particular for the abovementioned groups of learners.

The new Law on the Fundamentals of the Education System provides a much improved legal base by stressing improved access to education, principles of antidiscrimination and anti-segregation, individualised approach to education, and by defining the role of pedagogical assistants and other functions in support of inclusive education.

³⁵ Ministry of Education, Inclusive Education: Roadmap, National Report of the Republic of Serbia, Belgrade, 2008.

³⁶ European Commission (Directorate-General for Employment, Social Affairs and Equal Opportunities), Economics Institute, Belgrade, Social protection and social inclusion in the Republic of Serbia, 2008.

³⁷ These schools are specialized for educating pupils with mental, physical and/or sensory disabilities, and children are referred to the school based on medical commissions' referral.

³⁸ As found in the 2002 census, around 235,000 people are illiterate, while 24% of the population has only completed the primary school. According to the data of the Statistical Office, the largest numbers of illiterate people reside in undeveloped municipalities.

3. EU and other donor interventions in the country

IPA 2008 Systemic Development of Elementary, Practice Based Adult Education in Serbia (Second Chance) (2010-12) €4.5 million.

Establishing a system of functional elementary adult education in Serbia, which is accessible and adaptable to the needs of adult learners, focused on life skills and competencies and based upon lifelong learning.

IPA 2008 Support for quality assurance within the national primary and secondary education examination system (2010-12) €2.0 million.

Supporting the development and implementation of quality assurance system for general education and VET, giving priority to development of national examination system and increasing capacity of the MoE and other relevant institutions to implement this system.

IPA 2008 Education for All - Increasing the availability and quality of education for children from marginalised groups (2010-12) €1.8 million.

Increasing the inclusion of children from marginalised and special needs groups in the system of preschool and elementary education by enhancing the policy making and implementation capacities, empowering relevant pedagogical groups, and increasing public awareness.

IPA 2008 Enhancing the data management, forecasting and monitoring and evaluation capacity of the National Employment Service (2010-12) €1.0 million.

Improving the performance of NES in the areas of labour market trends forecasting and monitoring and evaluation of active labour market programmes, capacity building measures for relevant stakeholders, implementation of software solutions covering the above areas.

IPA 2007 Modernisation of the VET system in Serbia (2009-11) €2.5 million.

Improving governance of VET through establishment of VET Council and Agency for VET, and by strengthening social partnership at all levels; improving the national qualification system and support introduction of modernised VET programmes; supporting implementation of quality assurance system for VET; developing continuing vocational education and training.

CARDS 2003 – 2006 VET Reform programmes (2003-09) €20.0 million.

Three phases of technical assistance and equipment supplies in support of capacity building to policy development of VET reform, development and implementation of new curricula in 146 pilot schools in 8 sectors of economy, training teachers and instructors, transformation of five vocational schools into regional training centres, establishment of Innovation Fund for schools, upgrading of the school infrastructure (equipment and other teaching aids plus rehabilitation of buildings).

CARDS 2006 Support development of national employment policy and Modernisation of the national employment service (2007-09) €3.0 million.

Twinning project to build capacity of NES, and TA project developing active labour market measures through training of unemployed.

World Bank: Delivery of Improved Local Services (DILS) (2009-12) €46.4 million³⁹.

Assist the Government to increase the capacity of institutional actors in order to improve education and social protection services, in a decentralizing environment. This will be achieved by helping to develop an efficient public financing framework which will compensate for inequalities across municipalities; improving outreach and access through innovation in social service delivery; providing support for new roles for state level ministries; and capacity building amongst local self governments and other local service providers.

World Bank: Education Improvement Programme (2006-08) €7.1 million.

Modernising the education system including the development education management information system.

³⁹ For all the sectors involved.

European Training Foundation

The ETF has been supporting Serbia since 2001, providing assistance to ensure better governance of education and training and employment systems. ETF assistance also involved the development of governance and administrative capacities in the education, training and employment policy areas. In 2009 the key activities included the pilot ETF country review of human capital development in Serbia, peer learning visits of a high level Serbian stakeholder group to Croatia and Slovenia, and design workshops for three IPA 2008 projects (Education for All, Quality Assurance in Education, and Second Chance). Serbia has also benefited from the ETF regional projects of peer learning, VET teacher networking, entrepreneurial learning, and social inclusion.

4. ETF strategy of intervention 2010-12

The ETF strategic response will be guided by the key HCD policy issues and strategies in Serbia and by the donor assistance framework as described in the preceding sections of this country plan. We will continue the strategy of assisting Serbia in determining policy priorities, mobilising sector engagement, policy dialogue for consensus building, providing systemic feedback and creating the necessary knowledge on the issues of education and training policy, as well as employment and social inclusion. The work of the ETF will further build on established networks of relevant partners, which include public institutions, social partner organisations, donors, and NGOs.

In line with overall priorities, ETF support will include: policy advice, collection and analysis of information, promotion of sharing good practice with other countries in the Western Balkan region and with the EU Member States through peer learning activities, and enhancement of donor co-ordination to ensure synergy and complementary actions. With due regard to the Serbian context, the ETF will disseminate knowledge of and facilitate references to the EU policies in education and training, employment and social inclusion. Whenever appropriate, the ETF will aim at mainstreaming of gender equality in its cooperation activities with Serbia.

Strategic direction

In the period 2010-12 the main focus will be on education, training and employment, the areas in which Serbia faces the challenges of continuing the reform of these sectors in the lifelong learning perspective, so that they respond better to the needs of individuals, their employment, social inclusion and economic development of the country.

This strategic direction will be reinforced by the ETF country review, to be implemented in Serbia already in the first half of 2010. The main emphasis is to provide a concise qualitative analysis, complemented by statistical data and key indicators, of how the country's education and training system is able to produce the learning outcomes that are needed to improve employability, competitiveness and equity. The review will cover the most relevant and critical key policy areas, to be discussed and agreed with the Employment, Social Affairs and Equal Opportunities DG of the European Commission and the national authorities concerned. For the ETF mid-term strategy in Serbia the review will provide evidence as a basis to reconfirm the mid-term strategy and further specify the themes of cooperation in the country plans for 2011 and 2012.

The education sector has gained a new dynamics in 2009. The long awaited strategic action plans for VET and for adult education have been adopted by the government in March and their implementation can begin. Related to that, the new Law on the Fundamentals of Education has been adopted in September 2009. The Ministry together with the National Education Council also plan to elaborate an overall education development strategy aiming to integrate existing strategies for different sectors of the system. In vocational education and training the main changes will be the setting up of the Council for VET and Adult Education and of a newly structured Centre for VET and adult education within the Institute for Improvement of Education.

Country specific cooperation

In the three-year perspective of country specific cooperation, the 2010 is a year of analysis, and continued building of capacities and partnerships. Thematically, the ETF assistance broadly focuses on governance, quality and adult education, helping prepare the Serbian stakeholders for an active role in the IPA programming and project implementation. The years of 2011 and 2012 will then mark a

sharpened focus on strategic ETF- Serbia cooperation priorities as they will be reconfirmed by the results of the 2010 country review. In 2010 the cooperation activities include:

- Working out the country review analysing key issues and challenges related to education and training in a lifelong learning perspective, employment, and social inclusion, as an input in the IPA HRD programming process;
- Preparing the Education and Business national report;
- Providing expert input and assistance in drafting the Law on Adult Education;
- Organising workshops on EU policies in education & training, and capacity building for the new Council for VET and Adult Education, including a study visit;
- Providing expert support to selected Serbian institutions involved in implementing the Strategy of career guidance and counselling 2009-14.
- Regional cooperation

Besides the country specific cooperation, Serbian partners will participate in the ETF regional activities throughout the three year period, involving the partner countries of the South-Eastern Europe. These are organised in three ETF regional strategic interventions aiming at:

- social inclusion of ethnic minorities through education and training; in 2010 ETF will facilitate the discussions at regional level on the focusing on the theme "Schools for inclusive education, school networking and mobility in the Western Balkans and Turkey"
- supporting the policy dialogue on entrepreneurial learning; in 2010 ETF will undertake a further assessment of the country's performance on the human capital dimensions of the European Small Business Act (entrepreneurial learning and small enterprise skills)
- mutual learning in key policy areas; for 2010 these will be: quality and quality assurance in education and training, post-secondary VET and adult education.

The ETF regional projects will be complementary to the country specific activities and the ETF will aim at synergy between the two by providing space for individual country's needs and by encouraging Serbian partners to use the regional interaction for the benefit of national developments.

Strategic objectives and expected achievements

The following strategic objectives will steer the ETF strategy in Serbia for 2010-12:

- e) To assist in the IPA programming cycle as requested by the Commission and by engaging Serbian authorities and other partners in the process;
- f) To support governance in the HCD area by facilitating dialogue among stakeholders and by assisting to build their capacities;
- g) To facilitate policy dialogue, sharing good practice and peer learning in partnership with other Western Balkan countries in the areas of education and training, social inclusion, and entrepreneurial learning.

They should lead at the end of the mid-term period to these expected achievements:

- Improved capacity of the Ministry of Education, National Education Council and Council for VET and Adult Education in steering the reform process, and partnership among stakeholders strengthened;
- Country review endorsed by national authorities and the Commission and disseminated;
- Policy dialogue and action strengthened in the areas of quality assurance, adult education, post-secondary education and other areas of education policies;
- Serbia participated actively in the ETF regional network for social inclusion of ethnic groups through education and training;
- Partnership for entrepreneurial learning strengthened and country performance improved in the SME Charter assessment;
- Other contributions provided to IPA programming as requested by the Commission.

5. IPA-2010-12 country project Serbia

Specific objectives	Expected results	Themes & functions being addressed	Activities being undertaken	Project outputs	Timetable for the activity
<p>Objective 1</p> <p>To assist in the IPA programming cycle as requested by the Commission and by engaging Serbian authorities and other partners in the process</p> <p>Objective 2</p> <p>To support governance in the HCD area by facilitating dialogue among stakeholders and by assisting to build their capacities</p>	<p>1.1 ETF country review of education and training, employment, and social inclusion, as an input in the IPA HRD programming process</p> <p>1.2 Other contributions to IPA programming as requested by the Commission</p> <p>2.1 Improved capacity of the Ministry of Education, Council for VET and Adult Education, and Centre for VET and Adult Education, and stakeholder partnership strengthened.</p> <p>2.2 Other contributions to capacity development as requested by Serbian partners.</p>	<p>Themes A, B and C Functions 1, 3 and 4</p> <p>Themes to be confirmed Function 1</p> <p>Theme A Function 2</p> <p>Theme A Function 2</p>	<p>1.1.1-3 Research, fact finding missions, drafting (May), consulting at national meeting (June) and completing the country review (July)</p> <p>1.1.4 Preparing national report on education and business, and discussing the report at a national meeting (June)</p> <p>1.2.1 Responding to requests by the Commission and the EU Delegation for other contributions to IPA programming</p> <p>2.1.1 Initiation meeting for Tempus project on Teacher Education (January)</p> <p>2.1.2 Providing input in drafting the Law on Adult Education (February and April)</p> <p>2.1.3 Organising workshops on EU policies in education & training (January) and for the Council for VET & AE (June)</p> <p>2.1.4 Assisting in areas of VET school principals and/or VET school networking (to be specified by MoE in March)</p> <p>2.1.5 Organising a study visit for the Council for VET & AE (October)</p> <p>2.2.1 Providing support in implementing the Strategy of career guidance and counselling (March till November).</p> <p>2.2.2 Responding to requests by national authorities for other contributions in support of capacity development.</p>	<p>Country review</p> <p>National report on education and business</p> <p>As requested</p> <p>Teacher Education Tempus project initiation seminar</p> <p>Input in draft Law on Adult Education</p> <p>Workshops on EU policies in education & training and for the Council for VET&AE</p> <p>As requested</p> <p>Study visit for the Council for VET & AE</p> <p>Workshop on career guidance</p> <p>As requested</p>	<p>July (publication in September)</p> <p>June</p> <p>As requested</p> <p>January</p> <p>April</p> <p>June</p> <p>As requested</p> <p>October</p> <p>March till November</p> <p>As requested</p>