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WORKFORCE DEVELOPMENT

REGIONAL OVERVIEW:
SERBIA

WORKFORCE DEVELOPMENT REGIONAL OVERVIEW: SERBIA

REGIONAL COMPETITIVENESS INITIATIVE

APRIL 2009

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EXECUTIVE SUMMARY

One of the definitions of Workforce Development (WfD) is “activities undertaken by industry, government, and/or donor organizations for the purpose of improving productivity and employability of workers in growth-oriented industries.” USAID’s Regional Competitiveness Initiative (RCI) Project initiated a snap-shot overview of the relationship between WfD and Competitiveness, with a particular focus on Southeast Europe -- Macedonia, Kosovo, Serbia, Albania, Montenegro and Bosnia and Herzegovina. It has been noted that the most recent competitiveness initiatives undertaken by missions in the E&E region have, for the first time, incorporated explicit WfD elements into the overall competitiveness project design.

More precisely, this snap-shot overview of the Serbia Workforce Development aims to:

- Identify the most significant activities currently underway in each country
- Identify key personnel associated with each activity
- Quantify, to the extent possible within the short scope of this assignment, is there a workforce gap as described above, and provide some quantification or estimation of the extent of that gap.
- Identify any planned activities in WfD that are likely to be launched within the next 12 to 18 months, and the associated personnel
- Identify key industry sectors for which WfD might be important, but not now currently being undertaken

Several challenges for the future WfD activities in Serbia are:

- Lack of knowledge and/or practice about competencies, and building competency models among local experts
- Absence of long-term employment forecasting models and practices
- Resistance to change in educational institutions
- Lack of labor market data validity and quality
- Most of the unemployed are long-term and with secondary education or less
- High youth and long-term unemployment
- Evident skill shortage and skill gap, because, despite huge number of unemployed persons, vacancies have also been registered, and quite often they remain unfilled for months precisely because the unemployed lack required skills or they have other skills that are not relevant for a specific job¹.
- Closed mindset for life-long learning, professional improvement and personal growth among indigenous SMEs as well as in the general public

¹ Labor Market Analysis, Results of the company survey, EuropeAid/I23221/D/SER/YU, GOPA Consultants, December 2008

- Weak capacities of institutions such as National Employment Service and relevant Ministries (Labor, Science, Education) to fully complete all necessary reforms including the development of National Competencies Framework and National Occupational Classification.²

On the other hand, there are several opportunities that can support WfD interventions for Serbia such as a growing economy, large market and opportunity for growth, large presence of international companies and strong willingness among ESA staff to improve operations and achieve EU standards and best practices.

Currently, the skills of the workforce do not appear to be a particularly important binding constraint on job creation. However there are some signs already of an emerging skills gap that could be a serious limitation in the future. Evidence from managers indicates that the skills and education of the workforce is currently a relatively minor impediment to doing business in Serbia. Many firms are still in a restructuring stage and/or in traditional industries. But once Serbia moves into a more robust job creation mode and the competitive advantage of firms becomes increasingly based on innovations in products and processes, the skills and education of workers will become a more serious constraint to employment. There are already some signs of this: employers report difficulties in hiring certain types of higher-skilled workers. Moreover, young firms and firms in the service sector – which is where the new jobs will come from -- report more skill shortages than other employers³.

Main recommendations are structured in four main areas:

1. Capacity building/ALMMs (addressing strengthening the capacity of the state institutions to plan, design and implement ALMMs and analyses).
2. Formal education (addressing existing and future students and future workers)
3. Non-Formal Education (addressing existing unemployed and future workers)
4. Business growth support (addressing creating new jobs that are result of a business growth)

Key recommendation is that USAID Serbia should undertake **a comprehensive WfD analysis** in order more specifically to identify activities and active labor market measures (ALMMs) that could address the obvious labor market mismatch between the supply (high birth rate) and demand (weak and informal private sectors). USAID Competitiveness Project in 2008 conducted a Skills Gap Analyses for four sectors (IT, Production, Apparel and Education) which provides in-depth information about future WfD priorities in those four sectors. There is a need for identifying and taking action on specific capacity building and active labor market measures (ALMMs) that will address other sectors and government capacity to design and implement skills analyses and ALMMs.

² DRAFT - Skills Gap Analyses in the IT, Production, Apparel and Education, USAID Competitiveness Project Serbia, 2008, page 8

³ WB: Serbia: Labor Market Assessment, June 2006

Another key recommendation is **taking into account USAID Competitiveness Skills Gap Analyses Recommendations** - the Skills Gap Analyses Report for four sectors (IT, education, apparel and film/production), developed by the USAID Competitiveness Project provides a list of very strong recommendations for sector and company level interventions that should be taken into account for future activities and leverage. The Project especially outlined two recommendations – one for project management and another one for construction quality mark interventions that should be further analyzed by the RCI team for potential future piloting.

Other recommendations include:

Capacity building and ALMMs

1. Ensure continuation of the Skills Needs Analyses and data labor force information data⁴
2. Long-term workforce forecasting, having in mind the EU Trends
3. Individual Employment Plans-IEPs
4. Formalizing of grey economy with stimulations such as grants and loans for registering the business
5. Starting a business/self-employment/family businesses with grants and loans
6. Initiate paid internships for long-term unemployed that could lead to employment
7. Supporting Human Resource Managers to network, associate and influence the public opinion
8. Design and pilot new active labor market measures (ALMMs)

Formal education

1. Initiate Career Centers that will facilitate the communication between the private sector and the education institutions and will help students to prepare for the job search
2. University and Vocational School Business Advisory Groups
3. Internships for vocational school teachers
4. Initiate real and virtual businesses in the vocational schools

Non-Formal Education

1. Initiate modern local re-training and re-tooling providers/centers that will design and implement courses based on the demand - Regional Retraining Centers
2. Initiate Regional Soft-skills Academies
3. Improve managerial skills of the young entrepreneurs and the next generation of owners

⁴ DRAFT - Skills Gap Analyses in the IT, Production, Apparel and Education, USAID Competitiveness Project Serbia, 2008, page 7

Business growth support

1. Attract more Equity Investments
2. Create new or expand existing Business Incubators
3. Initiate a Business Angel Network
4. Initiate Demand Driven Quick-fix model that will offer integrated tailored learning to match specific private sector demand

I. SOCIO-ECONOMIC AND LABOR BACKGROUND

During the 1990s, economic mismanagement, together with the breakdown of the former Yugoslavia, international sanctions and conflicts resulted in a major economic decline, record levels of unemployment, large numbers of refugees and internally displaced persons and a dramatic deterioration in the provision of local services.

However, Serbia has made significant progress with a wide ranging program of democratic and economic reforms which 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 \$2,100 in 2002, has reached \$5,400 in 2007⁵. During the first seven years of transition the economy grew on average 5.6 percent per annum, peaking in 2004 with 9.4 percent GDP growth, one of the highest growth rates among transition economies. In 2007 growth remained strong at estimated 7.5 percent. There have also been major improvements in the business environment that saw Serbia ranked as the top reformer globally in Doing Business 2006 report, for reforms carried out in 2004-2005. In the Doing Business 2009 Report⁶ Serbia is ranked 94th out of 181 economies.

FDI averaged 7.2 percent of GDP over the last five years, resulting in Serbia being among the top countries in Europe and Central Asia with respect to attracting such investment. FDI was especially strong in 2006, as a result of several large privatization deals, including the sale of a mobile telephone operator.

As the privatization process of the socially owned enterprise sector led to increased unemployment and social exclusion, development of new labor market orientation and skills development were required in order to increase the level of entrepreneurship and the employability and adaptability of the labor force, particularly of the disadvantaged groups. There existed an urgent need to define pilot interventions in the field of regional development policy in order to improve local economic and social development.

⁵ <http://www.worldbank.org.yu>

⁶ <http://www.doingbusiness.org/>

Unemployment is a major problem in Serbia today. Open unemployment remains high, with an overall rate of 18.8 percent of the labor force in the first quarter of 2008⁷, although it has rather decreased over the past two years (in 2005, it was 22 percent). High unemployment is a direct consequence of the production level decrease during the 90s, as well as usage of the labor market for solving social problems by over-employing. However, restructuring and privatization have, in a short while, increased the unemployment, while at the same time it is of key importance to improve economic efficiency and to transform Serbian economy towards competitive, market oriented and knowledge based economy.

FIGURE I. SERBIA UNEMPLOYMENT TRENDS 2006-2008, IN THOUSANDS



Source: Serbia Unemployment trends 2006-2008, in thousands, ESA Serbia, Monthly Statistical Bulletin, November 2008

A significant share of total employment in Serbia is in the informal economy. According to the 2007 Living Standards Measurement Survey, informal employment represents more than one-third of total employment. The informal economy has been increasingly absorbing unqualified and unskilled labor, since as many as 53 percent of informal workers have primary education, about 39 percent have secondary education and about 8 percent have tertiary education.⁸ The most common activities consist of subsistence farming and self-employment in trade and other services.

During the process of restructuring of economy, “hidden” unemployment is more visible, and the process of ownership transformation leads to more lay-offs. This means that, in the following period, the overall unemployment reduction will depend on significant increase of investments in the private sector so the new employment possibilities will expand faster than the percentage of lay offs due to restructuring.

⁷ Republic Statistical Office (RSO), Labor Force Survey, April 2008, Belgrade, downloadable at <http://webrzs.statserb.sr.gov.yu>.

⁸ Living Standards Measurement Survey, chapter 9 “Employment status” Belgrade, 2008. The LSMS 2007 used the same definition of informal employment used in 2002 and 2003.

FUTURE CHALLENGES FOR THE SERBIAN ECONOMY

In the following period, institutional reforms in the country are to be conducted as well as economic policy with following goals:

- sustainability of macroeconomical stability, with the stability of domestic currency and controlled inflation
- faster implementation of the economical and social reforms, faster privatization and structural changes in real, financial and public sector:
- creating bases for sustainable economic growth based on increase of domestic savings and investment, FDI's and export, continuous decrease in deficit of current foreign transactions
- Creating stable and secure environment for creating new jobs and employment possibilities.

II. RELEVANT NATIONAL DOCUMENTS

The National Employment Strategy 2005 – 2010⁹ defines the direction and the extent of actions to be taken in view of successful solving the problems and developing an efficient labor market in accordance with other development goals of the country. Basic general principles and goals adopted as a reference base for this paper derive from the European Employment Strategy. In accordance with the aforementioned, 10 priorities for the action defined by the EU Commission *Guidelines* from April 2003 are adopted as a component part of the National Employment Strategy:

- job search assistance and prevention of long-term unemployment;
- entrepreneurship support and improving conditions to start a business;
- to address change and promote adaptability and mobility of labor force, and promote adaptability of enterprises;
- to provide better and more qualitative investment into human capital;
- to increase labor supply and support active ageing;
- to support gender equality regarding to employment and wages;
- to combat discrimination of people with disadvantage and particularly vulnerable groups;
- to enhance financial incentives to make work pay;
- to significantly reduce undeclared work;
- to support professional and geographic mobility.

Considering specific problems and needs of the Serbian labor market, detailed hereinafter, this Strategy adds two more priorities:

⁹ <http://www.prsp.sr.gov.yu/>

- supporting direct foreign investments and investment activation of domestic savings focused on creating sustainable employment; and
- to decrease the gap and discrepancy among regions' labor market.

The National Employment Strategy is complementary with the Strategy of Poverty Reduction and **Strategy for Support of Small and Medium-Size Enterprises 2003-2008 (SMSE)** as well as with other strategic documents relating to the sector, regional development and transition towards developed market economy.

The Strategy for Poverty Reduction includes three main directions:

In the first place, a strategy of dynamic economic growth and development, with an emphasis on job creation, is needed. This implies the continuation of the policy of macro-economic stabilization; the creation of an environment attractive to foreign investment and the mobilization of domestic investments; accelerated restructuring and privatization which will revitalize those state/socially-owned enterprises capable of becoming market-oriented and competitive; development of a financial market; legal protection of property and contracts; creation of a business environment conducive to the development of entrepreneurship and faster development of small and medium enterprises; development of the control functions of the state which would legalize the so-called grey economy; strong efforts to combat corruption and organized crime; and efficient functioning of state institutions – legal, executive and judicial authorities. The increase in economic activities and the greater international competitiveness of the domestic economy will lead to an increase in GDP, creation of new jobs, higher incomes and real sources for financing social and other public needs. This is a key development direction and the priority for Serbia, and is the only way to improve the lives of the citizens and at the same time eradicate poverty permanently.

The second strategic direction is the prevention of new poverty that will result from the modernization and restructuring of the economy. A large number of people should be trained to work in the newly privatized economy on new jobs in the production and service sectors. Significant economic and social efforts will be required, particularly in regions with a traditional economic structure and with no market prospects. The availability of considerable financial resources represents a necessary, but not a sufficient condition. The state with its institutions in close cooperation with municipal authorities and local communities, through its own activities and the mobilization of non-governmental organizations, and with the anticipated assistance of the international community, should offer economically and socially acceptable alternative work for the considerable number of employees who will become redundant as a result of the process of transition.

The third strategic direction involves the efficient implementation of existing programs, as well as the development of new programs, measures and activities directly targeting the poorest and the most vulnerable groups (children, the elderly, disabled people, refugees and

internally displaced persons, Roma, the rural population and uneducated persons), particularly in the least developed regions. In relation to the most visible forms of poverty, this will enable not only the survival of these groups, but also their equal access to employment, health services, education and utilities. A permanent improvement in the economic and social status of the most vulnerable groups will, more importantly, prevent a continuing cycle of poverty within these groups.

The main objective of the **Strategy for Support of Small and Medium-Size Enterprises 2003-2008 (SMSE)** is to create a framework for creation of sustainable, internationally competitive and export oriented sector of small and medium enterprises and entrepreneurship in the country.

The main directions for development of small and medium enterprises in the Republic of Serbia included in this strategy are:

- support of the development of small and medium enterprises and entrepreneurship in priority business sectors
- institutional support and recognition of the interests of the SME sector
- elimination of legal obstacles
- sources for finance of the SME sector
- competitiveness of the SME sector
- new knowledge and skills in the SME sector – education and trainings
- doing business on the domestic market
- preparation of the SME sector for the digital era
- “grey” economy
- analysis of the SME sector
- publication and promotion of the Strategy for Support of Small and Medium-Size Enterprises in Serbia
- implementation of the Strategy and monitoring of the results
- international support and technical assistance

Adult Education Strategy of Serbia - Adult education strategy is a call to create education culture, social organization and economy based on knowledge and improvement of possibilities and accomplishments of adults.

Considering the urgent need for faster economic development by applying the principle of sustainable development, advancing employability, social cohesion and democratization of social relationships, the four main objectives of the Adult Education Strategy in the Republic of Serbia:

- Objective 1 – establishment of effective methods for participation of the social partners in the adult education
- Objective 2 – distribution of authorities and responsibilities for adult education among the relevant ministries
- Objective 3 – development of various program options and improvement of the availability of the adult education
- Objective 4 – adult education and training capacity and quality building

Adult Education Strategy is an instrument for implementation of several other relevant national documents (available at www.prsp.sr.gov.yu) :

- National employment strategy 2005 – 2010, Government, 2005;
- Development of SME's and entrepreneurship strategy 2003-2008, Government 2003;
- Poverty reduction strategy, Government 2003;
- National strategy for EU accession, Government 2005;
- Social protection strategy, Government, 2005;
- National age strategy 2006-2015, Government, 2006.

III. GOVERNMENT AND INSTITUTIONAL ACTIVITIES

Ministry of labor and social policy of Serbia is in charge of following government systems related to employment:

- Employment regulations and laws
- Incomes
- Inspection work in the field of employment
- Cooperation with international organizations associated with employment
- International conventions in the field of employment
- Anti-discrimination politics
- Social protection issues

Ministry of Economy and Regional Development has the following priorities related to the active employment policy:

- Keeping the level of unemployment from 2008 and keeping the equal status of the employment redundancy.
- Increasing of the formal employment in the private sector and decreasing of the regional differences.

- Leverage of supply/demand on the labor market by executing the measures of the active employment policy.
- Improvement of the social dialogue and increasing of the National Employment Service efficiency.

Statistical office of the Republic of Serbia comprises nine regional departments in Central Serbia, in the towns of Valjevo, Zajecar, Kragujevac, Kraljevo, Leskovac, Nis, Smederevo, Uzice and Sabac. The Office has five regional departments in the autonomous province of Vojvodina in the following towns: Novi Sad, Zrenjanin, Pancevo, Sremska Mitrovica and Subotica.

Every year, the Office carries out around 200 surveys and publishes survey results in 13 editions, at regular press conferences and on the Office's website. On the premises of the Statistical Office of the Republic of Serbia there is also the Statistical Society of Serbia which, besides statisticians, gathers the representatives of eminent scientific, research, state and other institutions in the country.

In carrying out the Labor Force Survey 2004 SORS harmonized the methodology pursuant to the recent recommendations and definitions by the International Labor Organization – ILO and Eurostat – European Statistical Office and thereby obtained was the main source for international comparison of the data of labor statistics, between the Republic of Serbia and other countries.

National Employment Service of Serbia is the organization in charge of social insurance, generating statistics in the field of unemployment and employment.

Statistical reports obtainable in this filed represent one of the bases for analyzing tendencies and or movements in the labor market, their co-dependence and relations. Analytical findings, obtainable by this reporting, represent a base for creating employment policy, and the most important-measures for unemployment decreasing and upgrading the professional work in employment.

According to its database, National Employment Service creates statistical reports that are publish monthly, semi-annually and annually, with a series of reports, keeping the standards and methodology of reporting linked to the Performance Agreement with the Ministry of Economy and Regional Development.

National Employment Service of Serbia, its statistical information on unemployment and employment shows in its [monthly statistical bulletin](#). Information provided in the bulletin show current image of labor market in the country, data on registered unemployment, available work opportunities and employment.

IV. EDUCATION SYSTEM IN SERBIA

The structure of the education system in the Republic of Macedonia is as follows:

Preschool education - According to the Law on the Foundations of the Education System, a preparatory preschool programme has been compulsory since 2006/07, with a minimum duration of six months.

Primary education - Primary education is compulsory and lasts eight years.

Secondary education - Secondary education may last three or four years, and it is provided in three-year and four-year vocational schools and grammar schools.

Higher education - According to the Law on Higher Education, all subjects and the duration of studies are expressed in ESPB points, where 60 ESPB points correspond to the average workload of a student in a 40-hour working week of a school year. This means that, according to the rule, one school year carries 60 ESPB points. With such allocation of points, the duration of higher education is as follows:

The first cycle of higher education:

- basic academic studies (Bachelor) carry from 180 to 240 ESPB points, i.e. they last three or four years;
- basic professional studies (Bachelor, applied) carry 180 ESPB points, i.e. they last three years.

The second cycle of higher education:

- graduate academic studies - master studies carry 60 or 120 ESPB points, depending on whether the previous basic academic studies carry 240 or 180 ESPB points. It practically means that master studies last five years;
- specialist professional studies carry at least 60 ESPB points, i.e. they last at least one year;
- specialist academic studies carry at least 60 ESPB points, i.e. they last at least one year.

The third cycle of higher education is doctoral studies and they carry 180 ESPB points, i.e. they last three years.

List of Universities in Serbia:

State owned Universities in Serbia:

- Belgrade University
- Kragujevac University
- Niš University

- Novi Sad University
- Priština University, Kosovska Mitrovica
- Novi Pazar University
- Art University Belgrade

State owned Faculties:

- Army Academy
- Military Academy

Private Universities in Serbia:

- Alfa University, Belgrade (ex University Braća Karić)
- European University Belgrade
- University Edukons, Novi Sad
- Megatrend University, Belgrade
- University NewYork, Belgrade
- Economic Academy, Novi Sad
- University Singidunum, Belgrade
- University Union, Belgrade

V. PROJECTS AND DONOR SUPPORT ORGANIZATIONS AND ACTIVITIES

USAID Competitiveness Project is a four-year, \$14.7 million initiative launched in October 2007, aims to promote economic growth by substantially increasing the competitiveness of Serbian private enterprises. The project works with Serbian Small- and Medium-Sized Enterprises (SMEs) in leading sectors to increase sales, exports, investment and jobs.

The project conducted an Opportunities and Constraints Study (OCS) of 12 key sectors, with findings based on a survey of over 500 Serbian firms, in-depth interviews with 90 firms, and 150 research reports on the sectors. In asking how the project can best facilitate their growth, companies across sectors identified similar issues, including:

Sales & Marketing - Assistance in preparing for and participating in trade shows, developing promotional materials and campaigns, conducting market research and fostering contacts between companies, and supporting the introduction of new technology and equipment;

Education & Training - Work with private and public educational institutions, business associations and NGOs to develop curriculum in vocational and

technical fields, and Executive Education in management, HR and financial planning; and,

Policy Advocacy & Reform - Support business associations and other formal or informal groups in advocacy efforts to address regulatory issues in specific sectors and to improve the overall business enabling environment.

The project is working with the following sectors: information and communication technology (ICT), tourism, education, film and production, apparel, engineering and construction management, building materials, logistics and transport, auto parts, wood processing and furniture, and renewable energy.

The project maintains a \$2 million Cost Sharing Grants Program to support businesses, NGOs and associations in carrying out activities that promote project objectives, such as developing capacity to advance economic research, supporting executive and vocational education programs, and participating in trade fairs.

USAID Serbia Competitiveness Project – Workforce Development Activities include:

- Cross-Cutting Workforce Development Activities:
 - **Career Center Development** - The Project assessed the existing career centers in Serbia and found that there is a large variance in the ability of these centers to advance relationships with the private sector to build demand for internships and to train and prepare students to market themselves to potential employers (there are now 10 centers, mostly established in the last year). As a first step in career center support, the Project provided Job Placement Training, consisting of two 2-day workshops (held in November and December 2008) aiming to improve the skills and ability of career center staff to assist student placement. There is also a ToT component (envisaged for spring 2009) to enable career center staff to train future colleagues and to assist municipal youth offices in their vicinity that are in the process of being established across Serbia, as part of the Government's Youth Strategy that aims to facilitate youth employment.
 - **Internship Development** - by supporting a pilot structured internship program that would be developed by HR expert/consulting firm. As a result, an internship development guide would be drafted and made available to companies.
 - **AmCham HR/Workforce Development Task Force** – The aim of this task force is to strengthen the links between education and business sector through internship development, sharing of best practices in HR process, etc. The first meeting was held in November 2008, and our Project presented intelligence on similar AMCHAM initiatives internationally.
 - **Recruitment in Serbia Brochure** - brochure providing information on the recruitment process in Serbia.

- **Executive Non-Formal Education and University-Level Entrepreneurship Course Development** – implementation of training in Strategic Project Management for over 130 participants in Belgrade, Nis and Novi Sad held in May 2008.
 - Cooperation with academic and professional institutions in Serbia, like the Business Incubator Center at Technical Faculties of the University of Belgrade and the Center for Clusters at the Technical Faculty of the University of Novi Sad to develop courses in entrepreneurship at technical faculties in Serbia
 - Support to the establishment of the CISCO Entrepreneur Institute in Serbia
- Sector-Based Workforce Development Activities:
 - **Skills Gap Analysis** in the following sectors: Information and Communication Technologies, Education (particularly Business Education), Apparel, and Film & Production,
 - **Technical skills curriculum development**
 - **Tourism Conference and Internship Development Support-** In 2008, the Project supported the first **EIAT** conference (Education and Industry Advancing Together), organized annually by the Center for Tourism Research and Studies –CTRS from Novi Sad with grants and technical assistance. The activity will have resulted in 136 internships by the end of 2010.
 - **Furniture Design & Competition** - In early 2008, the Project began working with students from the Faculty of Forestry at the University of Belgrade. The Project provided training in trade fair preparation and negotiation skills and awarded grants and additional technical support to support the students' exhibition at the Salon Satellite Design Fair in Milan in April 2008.

Project “Support to Unemployed and Human Resource Development” or “*Radimo zajedno do posla*” (*Working together to a job*) is an EU-funded project managed by the European Union in cooperation with the National Employment Service (NES) and the Ministry of Economy and Regional Development (MoERD). The aim of the project is to reduce the number of unemployed people in 17 municipalities of Belgrade and Banat regions (North Banat, Central Banat and South Banat districts). The Project that started in June 2007 and will be finished in June 2009 has a total budget that amounts to 2.5 million EUR.

One of the project activities is conducting a Labor market analysis Belgrade and Banat (Zrenjanin, Kikinda and Pančevo) that should provide information on occupations and jobs that will be demanded on the labor market, i.e. should recognise employers' needs and

anticipate demands and trends of the market. Upon termination of the Project labor market analysis will be further conducted by NES staff.

USAID Municipal Economic Growth Activity (MEGA) is a local economic development program which develops the skills of local governments to foster economic growth and employment by creating a business environment where the local private sector can flourish.

Project components include:

- Assisting and supporting the Standing Conference of Towns and Municipalities (SCTM) and National Alliance for Economic Development (NALED) to advocate for necessary policy reforms in the field of local economic development.
- Building professional capacity in newly created Local Economic Development (LED) offices to strategically plan local economic development; formulate and implement business regeneration, retention and attraction programs; and, promote their municipalities to investors through effective marketing.
- Developing municipal technical capacities in areas like debt management and creditworthiness, privatization processes, capital investment planning, asset management, public procurement, citizen assistance/one stop permitting centers.
- Facilitating private sector growth, by building networks of stakeholders; encouraging public-private partnerships; and introducing Economic Development tools and facilities, such as Local Economic Development offices, training centers, industrial zones/parks, business improvement districts (BIDs) and business incubators; as well as other instruments and procedures that create a more “investor friendly” environment.
- Assisting and supporting knowledge expansion and management, through trainings; tailored technical assistance and limited grant funds to facilitate plan implementation; creation of methodologies; and, study tours to learn best practices in proactively leading local economic growth.

Opportunity Bank Serbia (previously Opportunity International Savings and Loans which converted into a bank in May 2006) provides banking services to entrepreneurs and clients normally not eligible for credit, as well as to viable Small and Medium Size Enterprises (SME’s) with demonstrated growth potential. Opportunity Bank has branch offices throughout Serbia, including in the south, where there is a limited number of banking services available.

Project components include:

- Granting loans to entrepreneurs, small firms, refugees, agricultural producers and other business ventures unable to access traditional financing due to the lack of either credit guarantees or a credit history

- Granting loans to SMEs in support of their business needs and development, including start-up businesses
- Providing domestic and international payment transaction services to its business clients
- Offering Euro and Dinar deposit products to personal clients looking for good return on their savings

Small Enterprise Assistance Fund (SEAF) provides equity and quasi-equity (long-term debt) financing to small and medium enterprises in Serbia and in the region in accordance with the Fund's investment policy.

Project components include:

- Financing small and medium sized enterprises in a diversified range of industries which show the potential for growth and meet fund criteria
- Training management at participating enterprises
- Promoting job creation within portfolio companies and more broadly through suppliers, distributors and other stakeholders

Other identified international development organizations that have activities in the workforce development and labor market improvements in Serbia are: **UNDP Serbia**, World Bank, European Commission, the Kingdom of Norway, Canadian International Development Agency (CIDA), Swedish International Development Agency (SIDA), Department for International Development (DFID), Council of International NGO's (for more info use www.prsp.sr.gov.yu/engleski/partneri/donatori1.jsp)

VI. WORKFORCE SUPPLY/DEMAND GAP

According to the November 2008 Bulletin of the National Employment Agency of Serbia¹⁰, Officially registered rate of unemployment in November was 23.69 percent. Unemployment increased by 0.19 percent or 1,478 persons compared to the previous month.

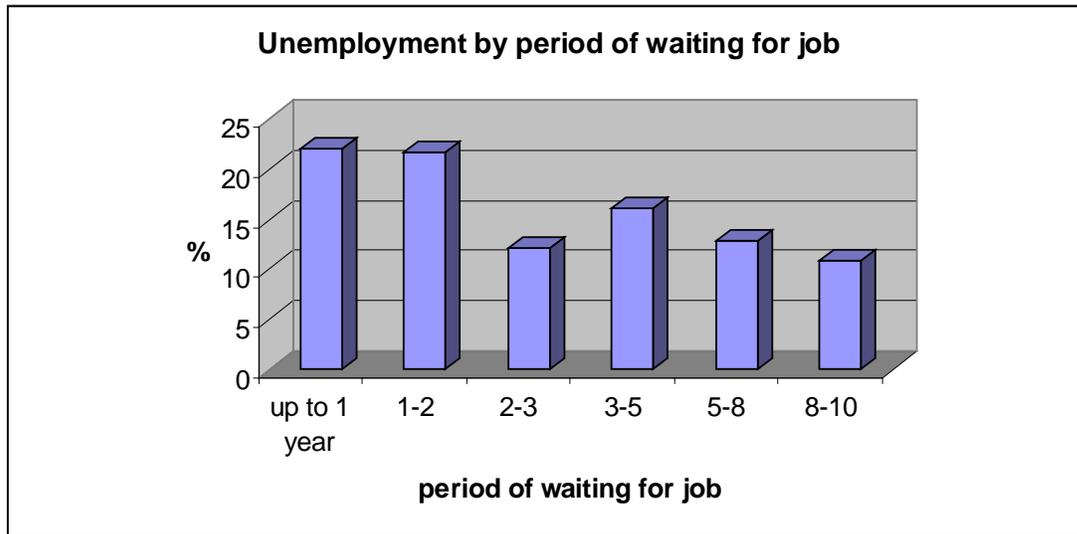
The participation of first-time job seekers in the total number of the unemployed in November was 47.20 percent, whereas the participation of the unemployed with previous working experience in the total number of active unemployed persons was 52.80 percent.

Compared to the previous month, unemployment decreased within the category of first-time job seekers by 1,163 persons (0.34%) and increased by 2,010 persons (0.53%) among the unemployed with previous experience.

¹⁰ www.nsz.sr.gov.yu

Total number of 403,384 persons (57.06% of the total number of the unemployed) had been waiting for employment longer than 2 years (long-term unemployment), among which 230,182 (57.1%) were women. 59.41 percent of unemployed skilled workers and 40.59 percent of unskilled had been waiting for a job more than 2 years.

FIGURE 2: AVERAGE LENGTH OF UNEMPLOYMENT

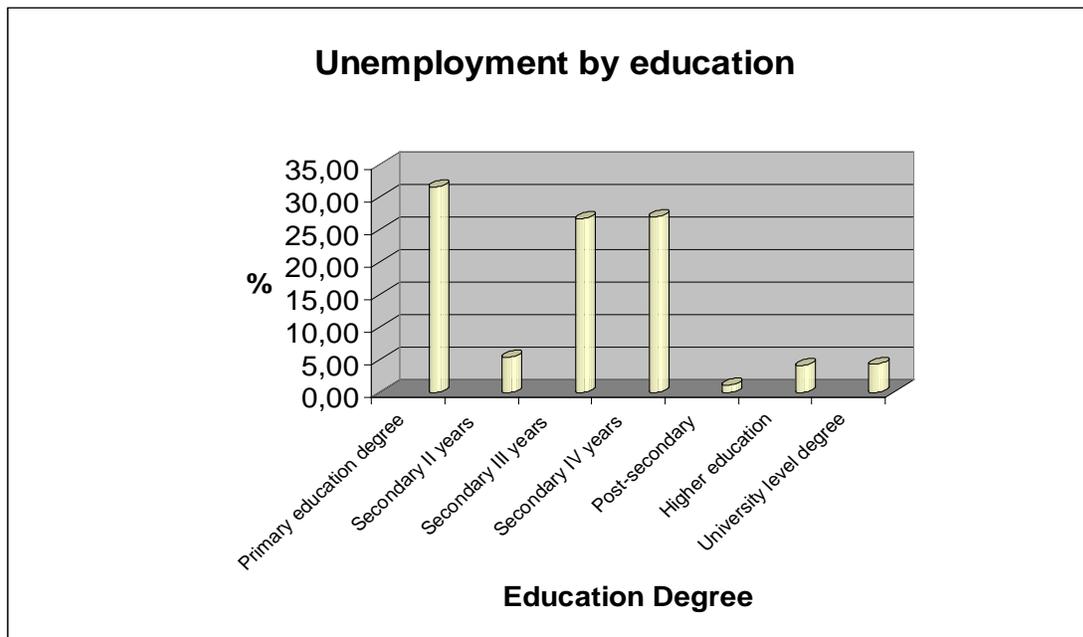


Source: NEA Serbia, Monthly Statistical Bulletin, November 2008

The structure of the unemployed in November 2008, according to their qualifications, did not change significantly:

- I – 226,411 (31.52%)
- II – 38,434 (5.35%)
- III – 190,836 (26.57%)
- IV – 193,264 (26.91%)
- V – 8,797 (1.12%)
- VI – 29,554 (4.11%)
- VII – 30,932 (4.30%)
- VIII – 28 persons.

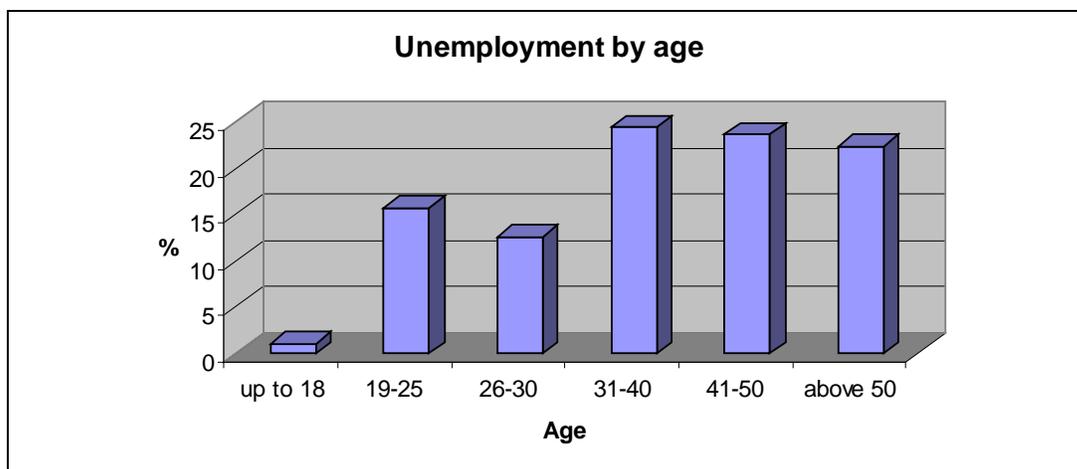
FIGURE 3. UNEMPLOYMENT BY EDUCATION



Source: NEA Serbia, Monthly Statistical Bulletin, November 2008

Regarding the age, the participation of different categories in the registered unemployment was as follows: 31-40 (24.4%), 41-50 (23.7%), over 50 (22.4%), 19-25 (15.7%), 26-30 (12.6%) and up to 18 (1.1%).

FIGURE 4. UNEMPLOYMENT BY AGE



Source: NEA Serbia, Monthly Statistical Bulletin, November 2008

Total number of 733,503 vacancies were registered in the period January - November 2008 (61.25 percent - fixed-term contracts and 38.75 percent - for indefinite period), which was

4.6 percent more than in the same period last year. 72.08 percent of all vacancies were for skilled workers and 27.92 percent for the unskilled, i.e. the demand for skilled workers was higher.

In the first eleven months of 2008, the number of vacancies, compared to the same period last year, increased in the following fields of activity:

- fishing (56.7%),
- public utility, social and personal services (21.7%),
- public administration, defence and obligatory social insurance (18.0%),
- real estate (12.8%),
- financial mediation (10.4%),
- hotels and restaurants (7.3%)
- health and social work (6.7%),
- processing industry (3.9%)
- civil engineering (2.5%),
- trade (2.0%),
- transport, storage and communication (1.7%),
- electricity, gas and water production and supply (1.6%)

The researches conducted in 2007 and 2008 within the Project “Support to Unemployed and Human Resource Development” were aimed at assessing the state of the labor market in targeted regions (Belgrade and Banat regions -North Banat, Central Banat and South Banat districts) by identifying trends on the local labor market, identifying the sectors of the local/regional economy that are growing and likely to require additional manpower in the next six months, identifying the type of jobs which are most likely to be required by the sectors identified above and the knowledge and additional skills that will be required by the identified occupations.

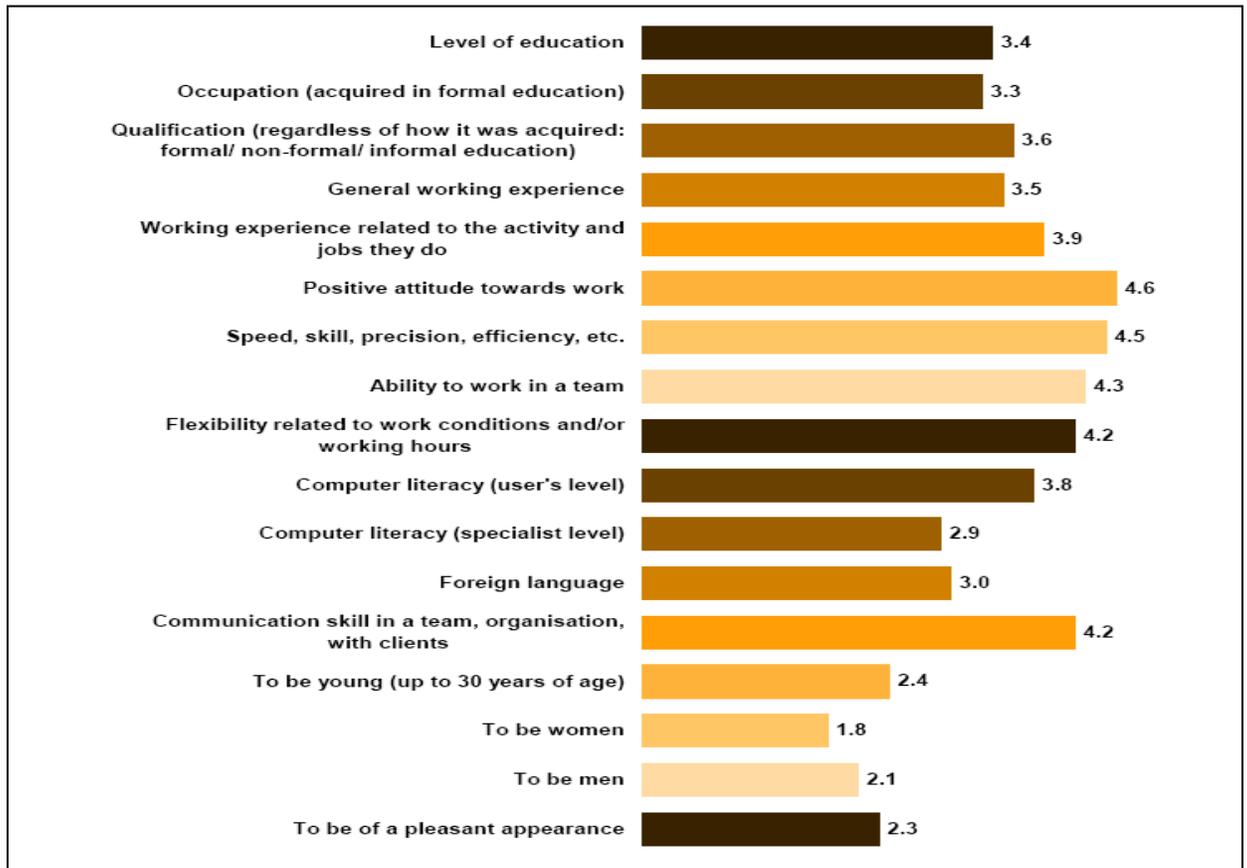
The realized sample of surveyed companies in 2008 accounted for 983 companies stratified on three dimensions: region, sectors of economic activity and size. Some of the key findings of the Labor Market Analysis 2008¹¹ include:

- Analysis of the economic evolution of the surveyed companies at regional level shows that over the past three years, the activity level has increased with 53 percent of the companies, remained the same with 31 percent of the companies and decreased with 16 percent of the companies,
- The breakdown by economic activities shows that the sectors of traditional services, agriculture, forestry, fishing and water supply are with the lowest share of companies which registered three consecutive years of activity level increase. On the other side, mining and energy supply, construction, transport, storage and communications, as

¹¹ <http://www.radimozajedno.org/>

- well as modern services, manufacturing and trade and catering registered higher share of those registering three consecutive years of increases in their activity level,
- Export above average is realised by the companies in the sector of transport, storage and communications, and manufacturing, and below average in modern services, agriculture and fishing, and trade and catering, while the lowest export is observed in the field of mining and energy supply, traditional services and construction,
 - Speed, skill, precision, efficiency, as well as team spirit, positive attitude towards work, flexibility related to work conditions and working hours, and communication skills in a team, organization and with clients, are mentioned in the list of prioritized characteristics the employers expect from their employees in all regions. These are followed by computer literacy, knowledge of a foreign language, working experience, having qualifications regardless of how they were acquired; certain level of vocational education; having corresponding occupation (acquired in formal education),
 - Around 19 percent of the investigated companies had need for employees at the moment of investigation and unfilled vacancies in the following sectors: economics, law and administration; trade, catering and tourism, and mechanical engineering and metal processing, or by occupational code: persons with no occupation and level of education (I level of education – non-qualified (NK)), electric technician for telecommunications, merchandiser, any occupation at the IV level of education, graduate electrical engineer in energetic (VII-1), graduate economist in general economics, banking and finances (VII-1) mechanic, machinist, electric welder, locksmith, sheet-metal worker, chemist etc.,
 - Regarding the sector of work, the majority of new jobs created in 2008 was in the following sectors: economics, law and administration; trade, catering and tourism, and mechanical engineering and metal processing.

FIGURE 5. DESIRABLE SKILLS AND ATTRIBUTES FOR EMPLOYMENT



Source: Project "Support to Unemployed and Human Resource Development" - Labor Market Analysis 2008

The data received from the conducted company analysis show that distribution of vacancies and new created jobs is similar. The reason for such a great number of vacancies despite the great number of unemployed lies in the fact that employers require additional knowledge and skills not acquired by regular education. Data on new created jobs in 2008 and planned employment point to the necessity to improve cooperation between employers and entities dealing with vocational education with the aim to further develop and train employees and also trainings for unemployed for known employers.

In the period June 19-Aug 7, 2008, USAID Competitiveness Project conducted **Skills Gap Analysis (SGA)** in four (sub) sectors: IT, Education, Film & Production and Apparel.

Some of the findings and recommendations of the Sector-Focused Skills Gap Analysis include the following:

SECTOR: EDUCATION (FOCUSING ON BUSINESS/EXECUTIVE EDUCATION)

Findings:

- The interest/demand for training is increasing though financial constraints are a dominant decision factor when trainings are considered. Clients are mostly foreign companies operating in Serbia or larger local firms. A small number of SMEs participates in training, due to the lack of time and resources in SMEs, and lack of awareness on importance of continuing education,
- Trainings are offered as in-house trainings targeted for needs of specific clients, and open seminars, by training providers that are generally small companies that often outsource trainers,
- Content of the training programs is developed mostly by using examples from similar training centers abroad and adjusted to local market needs, or through a franchising system and licensed training programs (e.g. Adizes, and Franklin Convey).
- According to private sector training providers, skills gaps exist in many areas, including management, soft skills (communications, problem solving and teamwork) and marketing.

Recommendations:

- improvement of the curricula based on the current and future needs of the Serbian market,
- continuous learning among University professors and improvement of the teaching methods, communication with students, and approach to curricula and syllabus writing,
- improvement of the cooperation with the private sector needs and organization of internships for students,
- provide expertise and training for the introduction of competency models as a basis for curricula development and workforce development activities in the private sector,
- provide training on Management competencies/skills for management and business teachers in several academic centers, training in developing competencies for teaching others,
- Support capacity building programs for established career centers (e.g. job placement trainings, office equipment, professional books and membership fees, translation and adaptation of guidebooks, software (database management),
- Pilot a Worker Training/Retraining Program Using Quick Start Training Methodology to support development of adequate vocational educational program to meet the current skills needs in a select sector,

- Finance research on future skill needs and make it readily available to education and business sector,
- Establish a comprehensive database on occupations and jobs that are needed in the market and conduct analyses on a regular basis (e.g., <http://online.onetcenter.org/> , <http://www.onetcenter.org/links.html>)

SECTOR: INFORMATION TECHNOLOGIES (IT)

Findings:

- Technical skills (software development, engineering, hardware design, IT services and System Integration) are strong and stable, with total graduates in the technical areas relevant to ICT work of 26,963 in 2005. A major gap exists at the management level, as there is a lack of experienced managers who have been exposed to international best practices in both general and software development project management.
- Brain drain¹² - The ICT industry still faces a threat related to workforce development through the brain drain, with the loss of talented technology professionals who can make significantly higher incomes in Europe or the US.
- Workforce limitations¹³ - IT industry growth is also constrained by the educational and workforce development systems. University technical education programs have some outstanding faculty and curricula that provide students with a strong foundation in the theoretical aspects of their technical fields. However, they generally do not provide the practical experience students need to be productive workers, especially in relatively demanding higher technology fields, or to offer the management skills that companies seek,
- In the surveyed IT firms in this study, 63 percent of employees are industry specific, while remaining 37 percent are in management and administrative positions. Some 21 percent of employees are in general management positions, project management and sales,
- Interviewed companies reported the 20 percent job growth forecast for the next 6 months to one year is primarily for the following occupations: 55 percent in management, sales and administration, and 45 percent are in industry specific occupations. The first three industry specific occupations for IT are: computer programmers, computer software engineers (applications), and engineers, which are at the same time most difficult to recruit,
- Identified high impact jobs for growth and competitiveness of the surveyed companies are:

¹² IFC Report, Investing in Serbia's Internet and IT sector: Challenges and Opportunities, Public Report, 2004.

¹³ Ibid

- IT Industry Specific Occupations
 - Computer Software Engineers
 - Sales Engineers
 - Computer and information scientists, researchers
 - Information System Managers
 - System engineers
 - IT Architects
- Cross Cutting Occupations
 - Sales Managers
 - Project Managers
 - HR Managers
 - Marketing Managers
 - Customer Service
- Telecommunication Industry High Impact Jobs
 - (Network) Computer and information systems managers
 - Marketing managers
 - Sales Managers
 - Quality Managers
- The following types of skills gaps have been identified by surveyed companies for current workers: 64 percent are soft skills (communication skills, problem solving skills, time management skills, negotiation skills), 24 percent technology and 12 percent of basic skills such as attitude appearance etc.

Recommendations:

Possible sector level interventions:

- Project Management Skills Capacity Building by supporting introduction of Project Management courses into curricula at IT Faculties.
- CMMI Training,
- Support Development of Internship Programs In Serbian IT firms by providing know-how to university career centers and industry associations on how to run effective internship programs and promoting internships among local IT firms and students,
- Curricula Development by providing TA to IT Faculties to integrate soft skills into their curricula or as a part of LLL

Possible firm level interventions:

- Support Strategic Management, Marketing and Sales Trainings for IT firms by providing TA to local education providers and provide grants/voucher schemes
- Support Soft Skills Trainings
- Support Project Management Training

- Assist HR Management in ICT companies

SECTOR: APPAREL

Findings:

- lack of a competitive strategy and need for stronger leadership and qualified management to develop and keep growing
- Although all of the surveyed companies are production companies with a significant number of employees and expensive equipment, only 6 of the 11 have a production manager, and only 3 reported having operations managers. Only one company has a human resource manager, and only four companies have marketing and sales managers,
- Only 50% of the surveyed companies have job descriptions for their working positions,
- High impact jobs identified by companies as the most important for growth and competitiveness of their businesses are:
 - Apparel Specific Occupations
 - Fabric and apparel pattern makers,
 - Fashion Designers,
 - Quality Control
 - Weighers, measurers, checkers, and samplers, recordkeeping
 - Cross Cutting Occupations
 - Marketing managers
 - Sales managers
 - Production managers
 - Operations managers
 - Buyers
- Companies identified several problems in finding people for high impact jobs:
 - Mobility of employees is very low
 - fashion designers are lacking in market orientation and flexibility,
 - deficit of pattern makers - almost all pattern makers with experience are already employed and there are no available trainings in pattern making at the local market
 - lack of the following skills among the current workers: 35 percent soft skills, 25 percent technology skills, 15 percent basic workplace skills, 15 percent foreign language skills, and 10 percent basic literacy
- Interviewed companies identified the following trainings as the most important for the next year:

1. Teamwork skills
2. Problem solving skills
3. Foreign Language Skills
4. Leadership
5. Technical job performance skills
6. Communication skills
7. Change management skills

Recommendations:

Possible firm level interventions:

- Support Strategic Management and Leadership Trainings
- Marketing and Sales in Apparel Trainings
- Pattern Making Trainings
- Provide Training and Technical Assistance for HR and Management
- Provide Finance Training for Managers
- Provide Business English Courses
- Support Development of Internship Programs in Local Apparel Firms

Possible sector level interventions:

- Introduce a Worker Training/Retraining Program using the Quick Start Training Methodology to support development of adequate vocational educational programs and on-the-job trainings to meet the current skills needs in the sector
- Increase Access to Information on Global Industry Developments and Trends
- Curricula Development
- Update Technologies

SECTOR: FILM AND PRODUCTION

Findings:

- Interviewed companies reported a need for: advertising, marketing, promotions, and public relations; financial and sales managers; lawyers specialized film and equipment insurance and contracting with international firms; computer specialists; experienced professional producers, screenwriters, and sound engineering technicians; and camera, television, video and motion picture operators,
- High impact jobs identified by companies and interviewed stakeholders as the most important for growth and competitiveness of the industry are:
 - Film Sector Occupations

- Producers
- Writers (screenplay writers) and scenario developers
- Special effects specialists
- Sound engineering technicians
- Camera operators
- Storyboard specialists (using specialized software)
- Specialists for color corrections (postproduction)
- Location managers
- Cross cutting occupations
 - Project Managers
 - Operations Managers
 - Finance managers
 - Advertising, marketing, promotions, public relations, and sales managers
 - Outsourcing management/Subcontracting
 - Legal Experts (insurance for film and equipment)
- Digital Animation Occupations
 - Web designers
 - Digital Animators
- The preproduction sector is weak in some segments (budgeting, casting, location scouting and management, financing, set and costume design and construction, and scheduling)
- There is a need to keep the pace with new technologies – there is a major retraining issue, affecting all sectors of the film industry.

Recommendations:

- Bring industry and education sectors together to improve curricula to bridge industry skills needs and current study programs
- Provide relevant workshops and software to Universities that would allow for new curricula/skills in the following areas: Screenplay writing, Film Budgeting, Scheduling, Film pitching and promotion
- Introduce management, marketing and soft skills into curricula for producers

Internship Programs

- Ensure that both future and existing workers in the film industry are informed about the need and the opportunities available to develop/improve their film skills
- Create Internships and shadowing opportunities that would be encouraged and developed for freelancers and company employees so they can understand the nature of job roles in different parts of the supply chain.

- Support offering of specific career information and advice for the film industry

Industry Training (outside of education sector)

- Provide training to film producers and other film management to improve skills in basic business skills, management and marketing, and soft skills (problem solving, communications, etc.)
- Provide trainings in film fundraising and pitching, and project management
- Trainings in screenwriting, creative writing, synopsis writing etc.
- Trainings and courses addressing specific sector and subsector skills needs (Digital animation, Sound, Color, etc)
- Encourage collaboration and make links with training providers and adapt models of good practice from the European and US film industries.
- Establish stronger relationships with equipment companies and, manufacturers: these are also essential for meeting individual and company development needs, in particular with new knowledge technologies and/or use of particular specialist software.
- Support advocacy efforts for the new Law on Cinematography to enable a better environment for the industry to grow and develop
- Promote diversity in the workforce by ensuring that all parts of the population have equal access to becoming involved in the film industry, making the most of potential talents available.

VII. RECOMMENDATIONS

Based on our snap-shot findings we have organized the recommendations in the following four areas:

1. Capacity building/ALMMs (addressing strengthening the capacity of the state institutions to plan, design and implement ALMMs and analyses).
2. Formal education (addressing existing and future students and future workers)
3. Non-Formal Education (addressing existing unemployed and future workers)
4. Business growth support (addressing creating new jobs that are result of a business growth)

Key recommendation is that USAID Serbia should undertake a comprehensive WfD Analyses in order more specifically to identify activities and active labor market measures (ALMMs) that could address the obvious labor market mismatch between the supply (high

birth rate) and demand (weak and informal private sectors). USAID Competitiveness Project in 2008 conducted a Skills Gap Analyses for four sectors (IT, Production, Apparel and Education) which provides in-depth information about future WfD priorities in those four sectors. There is a need for identifying and taking action on specific capacity building and active labor market measures that will address other sectors and government capacity to design and implement skills analyses and ALMMs. Other recommendations include:

Capacity building and ALMMs

1. Ensure continuation of the Skills Needs Analyses and data labor force information data

The existing Labor Market Analyses from 2007 and 2008 are strong but done by the EU funded project and should be transferred and implemented by ESA, which definitely needs assistance in doing this. This analysis should be conducted on yearly bases in order to achieve consistency and trend analyses.

2. Long-term workforce forecasting, having in mind the EU Trends

In order to have the education system adapt to the needs of the economy a long-term workforce forecasting is needed. This forecasting will include movements in specific industries in the region and EU and will address some of the newly rising professions that should be taken into account in the next 5-10 years. This activity needs to be conducted in partnership with ESA, Ministry of Labor and the relevant chambers of commerce. Local or regional companies could be engaged to conduct the forecasting model and analyses.

3. Individual Employment Plans-IEPs

Improve the capacity of ESA to conduct and really use IEPs for analyses and career guidance. IEPs collects data from the unemployed on their skills, capacities, talents, abilities, plans, previous formal or informal experience, preferred jobs, future actions for job search, etc. These plans are beneficial both for the unemployed as they receive a “real service” from ESA and for ESA for further analyses on local, regional and national level. This activity should further train ESA staff on conducting IEPs, develop action plans for completing the IEPs in one year period, should create mobile teams of staff or short term consultants that will assist to the areas where it is obvious that with existing capacities ESA could not reach the deadline. This activity will lead to better data collection and data base of existing skills, preferences and perceptions by the unemployed that can be used for future ALMMs planning.

4. Formalizing of grey economy with stimulations such as grants and loans for registering the business

Based on the experiences in Macedonia and other countries in the region, ALMM for formalizing grey economy could be designed to include stimulations such as grants

and loans with subsidized interest rates for the entities that will formalize their business activity. With this measure there are multiple benefits such as legalizing employment, higher chances for financing and subsequently growth, increasing the tax base, etc.

5. Starting a business/self-employment/family businesses with grants and loans

Self-employment or start-up programs offer assistance to unemployed workers to start their own companies and family businesses. A combination of training (how to start a business, generating a business idea, drafting a business plan, etc.), financing (grants or loans with subsidized interest rates) and business support (management training, technical advice, etc) should be considered. Leveraging existing government funds and offering full service approach (for example providing technical and consultancy support in the first year) should be the implementation approach for this measure.

6. Initiate paid internships for long-term unemployed that could lead to employment

Since unemployed and graduates lack practical skills, it is recommendable to design and implement an ALMM that will motivate employers to take interns and consider employing them after the internship period. This should be done in partnership or in close cooperation with ESA and other donors active in this area (UNDP, EAR, etc.) in order to expand the existing measures to different target groups or different regions or pilot new models.

7. Supporting Human Resource Managers to network, associate and influence the public opinion

Support existing forms of networking and association of Human Resource Managers or initiate new ones that will lead to leveraging HR Managers knowledge and influence to introduce changes and support specific workforce development activities.

8. Design and pilot new active labor market measures (ALMMs)

In close partnership with ESA and other local stakeholders, an ALMM Task Force should be created that will research, design and pilot new ALMMs. This activity can strengthen the capacities of ESA to use the existing WfD data they collect and manage, be innovative and creative about offering solutions for WfD and job creation and once some of the pilots are tested, there will be more arguments for budget increase for ALMMs.

Formal education

1. Initiate Career Centers that will facilitate the communication between the private sector and the education institutions and will help students to prepare for the job search

Work with the vocational schools and build career corners that will include both equipment and personnel that will serve the students. A combination of trained teachers, psychologists and full/part time local advisors (trained by the USAID that will commit to pro-bono advising students on part-time bases) should be used. The Career center will include a Business Advisory group (explained below), will prepare the students for job search, writing CVs, cover letters, life-long learning concept, internships, etc.

2. University and Vocational School Business Advisory Groups

Initiate School Business Advisory Groups comprised of local business people that take the role of volunteer-educators and will open their businesses for the students for internships, practical work, seasonal (summer) work, will be guest speakers at the specific classes, will invite their employees to be guest speakers, etc. These local business people should be stimulated by the fact that the students can do some project related work that could benefit the business (market surveys, promotion, etc.) and by some other incentives for the first 30 local businesses that will join and actually DO something with the teachers and students.

3. Internships for vocational school teachers

School teachers need to stay abreast with the latest technologies and private sector practices. This activity will stimulate companies and teachers to match for business-teacher internships by providing incentives for both sides (the business could get a training fee and the teacher could receive a life-long learning award or similar). This activity will create links and bonds between teachers and businesses and will be the bases for the changes that the teachers will introduce into their practical aspects of teaching.

4. Initiate real and virtual businesses in the vocational schools

Based on the experience and lessons learned of the USAID SEA project in Macedonia, this activity could stimulate students and teachers to design and initiate virtual companies as extra-curricular activity supported by several technical subjects that relate to the “virtual business industry”. In some specific cases, the activity could help specific schools to start a real business by buying some of the equipment or materials necessary to start the business. Both activities will improve the entrepreneurial skills of the students through practical work.

Non-Formal Education

1. Initiate modern local re-training and re-tooling providers/centers that will design and implement courses based on the demand - Regional Retraining Centers

Based on the Sectors Skills Needs Survey in Serbia and in partnership or coordination with the existing donor community, targeted short or long-term courses should be developed, designed and implemented in order to match the existing identified demand. For example, specific programmes delivered by local, regional and international experts could focus on merchandisers, marketing experts, welding, specialized chiefs, network technicians, electrical engineers, etc.

2. Initiate Regional Soft-skills Academies

Based on the Serbia Labor Market Analyses, it is obvious that specific soft-skills are needed both for the unemployed and existing employees. In order to sustainably address these needs, Regional Soft-skills Academies should be initiated. They may be allocated with the VET Centers, with other local training providers or be stand-alone depending on the region and the target group. These Academies will design, test, pilot and implement modern soft-skills curricula and will use regional and international trainers to train local trainers. Internationally recognized (certified) programs will be introduced and the academies will have a license for Serbia.

3. Improve managerial skills of the young entrepreneurs and the next generation of owners

Having in mind the level of openness for training of the seasoned Macedonia businessmen, it might be worth to develop a program that will improve the managerial skills of young entrepreneurs and sons and daughters of current owners. The owners might themselves be resistant to change to modern methods, but favor opportunities for their children – the future owners and operators of enterprises which show promise for growth and future job creation. Improving business skills will help improve internal business processes that could lead to higher openness for learning for all employees and will help the company to grow and eventually employ new people.

Business growth support

1. Attract more Equity investments

Private equity funds invest capital in operating companies poised to grow and take share in the ownership structure of the company. They act as co-owners and support the growth of the company. After certain time period they exit the company and return the capital to its institutional investors. Since this type of alternative financing does exist in Serbia, this activity should consider supporting entry of additional funds

on the Serbia market. Many of the interviewed people stated that in Serbia jobs can be created only if several industries and sectors start to grow or if new industries arise. Equity capital can be directed towards industries that can prosper and grow in order to fasten the growth pace

2. Create new or expand existing Business Incubators

Business Angels are investing in a wide range of commercial ventures, are seasoned or retired successful business people that invest their business skills as well as their capital into new and developing enterprises. Having in mind that there are very few or not enough incubators in Serbia, supporting incubators to start operating or expand to new rural areas/parts in Serbia is recommended. There are several donor supported incubators that are already working in the region and have accumulated knowledge and experience that takes time to build.

3. Initiate a Business Angel Network

Business Angels are investing in a wide range of commercial ventures, are seasoned or retired successful business people that invest their business skills as well as their capital into new and developing enterprises. Business Angels support can leverage funds from the private sector by leveraging funds on par with the private sector successful business people that are willing to become business angels. US Angel Capital Association can serve as a basic pool for expertise since they have already been in the region assisting several newly established networks in Bulgaria and Slovenia.

4. Initiate Demand Driven Quick-fix model that will offer integrated tailored learning to match specific private sector demand

One of the local private employment agencies in Macedonia (Vrabortuvanje.com) based on their placement and recruitment experience has developed and piloted a project for a Demand Driven Employment Revolving Model (ERM) that could serve as bases for a sustainable quick fix solution. This is a sustainable model that based on specific workforce needs by one or several companies: recruits potential job candidates, designs specific curricula that matches the job requirements, executes the training with the candidates as trainees, tests and selects the best trainees (together with employers) for employment and collects back the invested funds from the newly employed trainees (on six or 12 installments). This model can be the quick-fix solution for the mismatch problem between the supply and demand.

VIII. LIST OF IDENTIFIED SIGNIFICANT PARTICIPANTS IN WORKFORCE DEVELOPMENT ACTIVITIES IN SERBIA

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IX. GOVERNMENT & INSTITUTIONAL ACTIVITIES

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