

Conference Report

New skills for new jobs

Sarajevo, 12-13 July 2012

Introduction

The Regional Cooperation Council and Friedrich Ebert Foundation co-organized a 2 day conference on the theme *New Skills for New Jobs in the Western Balkans*.

The conference brought together representatives of governments, social partners, researchers from the Western Balkan countries and international organizations to discuss and exchange experience on the issue of skills and jobs in our region.

Country views:

In **Albania**, the unemployment level remains high, education attainment low, and the mismatch between skills demand and supply is substantial. Vocational education centres play an important role in bridging this gap. The annual job fair has been successful in bringing together employers and potential employees. IT tools are being used to address the issue, for instance through the computerization of services provided by the Ministry of Labor and Social Policy and connecting regional labor offices online. New jobs are also advertised online. Reliable statistics remain an important challenge.

With the challenges of a demographically old and unevenly developed country, economic growth is necessary in **Croatia** for generating employment, ensuring pension sustainability and for economic stability. Therefore, the Croatian government has focused on setting long term goals for 2025, developing clusters of knowledge and exploring potential niches.

Efforts are made to establish strong synergies among industrial, education and employment policies. Education and qualifications need to be planned for the needs of the market and should take both regional and economic approaches. The Croatian qualifications framework helps to connect needs and provisions of skills. Entry quotas for educational institutions are not a good solution, because one should not forbid people from enrolling in their favourite faculties. The right of education equals the right of work. Employment bureaus have a register of human resources on individual data. However, it remains a challenge to work with unemployed through active measures.

Local employment partnerships are being established, that give recommendations for employment policies that help establish and develop a local labor market.

Major issues in **Serbia** include long term unemployment, gray economy and low labor force mobility.

Current emphasis is on the harmonization of the national qualifications framework with the EU qualification framework. Education standards are key. In this context, it is important to strengthen the relationship between formal, informal and non-formal education. Competences of unemployed are being improved by short training sessions.

Four sector councils (agriculture, food industry, tourism and IT) have been established.

In the **Former Yugoslav Republic of Macedonia**, official data on unemployment (31.8%) are overestimated. Many registered unemployed will not take up a job when offered one.

Vocational schools are smaller and serve a limited number of students, while a lot of students graduate with university degrees and have only general rather than technical skills. Therefore it's important to strengthen vocational education that provides technical and engineering skills (ICT, medical, engineering), which the market needs.

In **Kosovo**^{*}, traditionally, professional schools have produced better technicians than universities. Internships are also important for introducing students to the world of work. In terms of sectors, agriculture is an important source of employment.

In **Montenegro**, hundreds of occupations exist and are produced by the system but are no longer required by the labor market. Education reform is slow to keep pace with needs of the labor market. A good analysis of workforce and new skills is needed, which should also be based on correct information and statistics.

There are bilateral labor market agreements between countries. For instance, **BiH** has agreements with Slovenia and Serbia, which impose no quotas for the labor force to work in other countries and aim to fill the needs of the labor market and prevent gray economy.

The **Center of Public Employment Services of SEE** (CPESSEC) aims at exchange of information and experience in relation to providing services to employers, job seekers and building capacities of public employment services. Representatives of public employment services from Skopje, Zagreb and Sarajevo participated at the conference.

A regional conference organized in 2012 by CPESSEC concluded that the labor market in the region is not flexible and mobile enough. Vocational training needs to be strengthened to address the current skill gaps, while the education system needs to be reformed to address future needs.

* This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

Another important topic was the creation of quality and sustainable businesses supported by public employment services for employment of job-seekers. Trainings for entrepreneurship has to be a significant component in the programs for self-employment.

The **European Training Foundation** emphasized the need for a coherent approach to anticipation and matching that involves knowledge creation, mediation and application. A robust database for labor market and education and training system is a key pre-condition for valid anticipation and effective skills matching. Furthermore, skills anticipation needs to be imbedded in a macroeconomic vision and strategy, capacities of PES needs to be strong and employers need to play an important and active role in anticipation and matching.

The new **OECD** Skills Strategy Framework identifies three ways in which countries can maximise use of skills: by developing relevant skills through encouraging learning and attracting skilled people; by activating skills supply through activating and retaining skilled people; and by putting skills to effective use through improving skills-job match and increasing demand.

The Regional Competitiveness Initiative of OECD aims at supporting competitiveness and providing capacity building in the focus areas of human capital development and innovation. The working group on human capital development has focused recently on skills gap analysis in the Western Balkans both from the design and implementation perspective. Furthermore, national pilot projects aim at the provision of capacity building in these areas.

ILO presented its recent G20 training strategy on bridging education, training and decent work. Its core messages included broad based good quality general education, seamless pathways from education to TVET to the world of work, employability through core skills, continuous learning and portability of skills, sustaining a dynamic development process: Use skills as a driver of change and policy convergence and coordination mechanisms.

Researchers from the LSEE Social Cohesion network explained the impact of economic crisis on labour market in the Western Balkans, referred to some new methods to measure skill mismatch, and emphasized some of the policy conclusions regarding the reform of the secondary and vocational education systems, the improvement of the labour market matching for women workers through provision of publicly provided nursery and kindergarten education for young children, the encouragement to employers to take on younger skilled workers through job subsidies and internships, transfer of skills from foreign owned companies to small domestic firms, the provision of in-house training (LLL) by employers, the provision of improved skill forecasts to professionals in career and education guidance for adults as well as school leavers.

Evidence-based policy making (EBPM) is important for skills policy. Systematic reviews and evaluation studies need to be encouraged.

Research in Croatia showed that there are many horizontal mismatches, some sectors (wood, tourism, construction) are in short supply, in some other sectors occupational demand exceeds supply (engineering, electro-technics), and some educational sectors seldom lead to sectoral occupation.

In BiH, it is important to focus on increasing talent base, re-skilling the existing labor force, removing labor market distortions and increasing reliance on diaspora.

Europe 2020 strategy

RCC informed participants of the conclusions of the conference “A 2020 Vision for South East Europe” held in Paris on 24 November 2011, in which SEE Ministers of Economy adopted the SEE 2020 Vision and tasked the SEE Investment Committee with developing the SEE 2020 strategy.

A taskforce has had its first meeting in the process of setting up regional headline targets for the SEE 2020 Strategy, determining policy objectives, putting forward indicators to measure the attainment of these targets and developing measures to help achieve objectives in the areas of integrated, smart, sustainable and include growth in a governance for growth framework.

Participants were presented the selected target areas, and discussion focused on the inclusive growth component that included employment rate and the growth rate of the population with tertiary degree. There was common agreement that the latter does not belong in the inclusive growth component of the strategy.

Conclusions:

1. The development of a long term development vision and model remains an important challenge for our region. Establishing long term goals and potential niches with competitive advantage is a key priority.
2. This vision is closely related to the future skill needs in our region. The education system needs to respond swiftly to the needs of the labor market based on skills forecasts. This highlights the need to increase the capacity to anticipate and align skills provision.
3. The issue of skills and jobs is multidimensional and can be successfully addressed only in a coordinated manner among institutions in charge of labor and employment, education and economic/industrial/regional development.
4. Social dialogue and permanent civil consultations are key to ensuring greater engagement and broad ownership. Importance of social dialogue to move beyond strict issues related to

collective bargaining or pension reform towards more general issues such as consultations on the building of the long term development vision and industrial relations.

5. Establish a virtual space for sharing all information at national and regional level. A regional workforce information system would contain harmonized and reliable data, statistics and research for evidence based policy making (including systematic review and evaluation).
6. Strengthen vocational education in technical areas and lifelong learning. Lifelong learning is *conditio sine qua non* for achieving lifelong employment. In this context, transferable skills are important. Programs of vocational practice aimed at providing skills for people with low skills are particularly relevant. ETF's Torino process of vocational education and training is important for our region.
7. Adult education is another important source for the acquisition of relevant skills.
8. Local labor markets. At local level, one is better aware of the needs of the market. By establishing local employment partnerships, councils and plans, one would better collect the information and address local labor market needs. Local vocational schools can provide the right mix of skills for local labor markets. Furthermore, on the demand side, establishing clusters of local firms will contribute to improving competitiveness and creating more and better jobs.
9. Labor mobility can contribute to filling the gap between the demand and supply of skills. Bilateral agreements are in place among several countries in the region to regulate the flow of migrant workers. It would be interesting to evaluate the impact of such agreements and explore the possibility of establishing regional agreements. Assessing the current flow of labor migrants in the region, independently of the agreements, would also be an important initiative that would inform policy makers of the scope of the phenomenon and inform decision making.

Further work could be done at local labor markets that extend beyond national borders.

10. Internships, volunteer practices, working licensing for those who finish universities in order to address the obstacle many new graduates face.
11. Entrepreneurial learning is an important component of job creation. The SEE Center for Entrepreneurial Learning is a regional organization that promotes entrepreneurial learning at all levels of education.
12. There is a lot of potential for transfer of experience and know-how among the countries in the region.

13. Better use needs to be made of possible financing instruments (MB IPA components, Western Balkans Investment Framework, the World Bank etc).
14. The role of media in awareness raising and promotion of labor mobility, and the skills most needed in today's labor market.
15. RCC can act as platform for linking at regional level the current work done on new skills for new jobs with the work done on education (lifelong learning, Projects "Regional Strategy for Research and Development for Innovation in the Western Balkans" and "Higher education structural reform") and investment (SEE Investment Committee, OECD's work on sectors of competitiveness).
16. These conclusions can fit into 4 broad pillars of action (regional information base, training, local level development and regional approach to accessing funding and know how). RCC will initiate the preparation of a policy paper on skills and jobs that will serve as the basis for further action in this area.