

Standard Summary Project Fiche – IPA centralised programmes
(Regional / Horizontal programmes ; centralised National programmes)

1. Basic Information

- 1.1 CRIS Number (Year 1): 2007/19322**
1.2 Title: Modernisation of the vocational education and training system in Serbia
1.3 ELARG Statistical code: 02.26
1.4 Location: Republic of Serbia
1.5 Duration: 30 months
Implementing arrangements:
1.6 Contracting Authority: European Commission
1.7 Implementing Agency: N/A

Financing:

- 1.8 Beneficiary: Ministry of Education and Ministry of Economy and Regional Development**
1.9 Overall cost: € 4.0 million
1.10 EU contribution: € 4.0 million
1.10 Final date for contracting: 3 years after the signature of the Financing Agreement
1.11 Final date for execution of contracts: 5 years after the signature of the Financing Agreement
1.12 Final date for disbursements: 6 years after the signature of the Financing Agreement

2. Overall Objective and Project Purpose

2.1 Overall Objective

- To support modernisation of the education and training system in order to contribute more efficiently to national economic recovery and social cohesion, and meet labour market and student needs.

2.2 Project purpose

- Strengthen the institutional capacity and improve governance of the initial and continuing vocational education and training (VET) system through the establishment of a VET and Adult Education Council, transformation of the existing National VET Centre into an executive Agency for VET and Adult Education, and the creation of Adult Education Units at the Ministry of Education (MoE) and Ministry of Economy and Regional Development (MEC). The transformation of the National VET Centre will be done in close cooperation with Germany and its implementing agency GTZ, because GTZ has been supporting the VET Centre since 2002. It has linked the centre with a German partner institute (Berufsbildungsinstitut - BiBB) and is currently carrying out a comprehensive capacity development programme.
- Further develop the National Qualifications Framework (NQF) giving priority to the development of quality standards and procedures for accreditation of VET programmes and courses.
- Support the development and implementation of a Quality Assurance System for VET and adult education.

- Support introduction of modernised VET programmes in all schools across at least two economic sectors.

2.3 Link with AP/NPAA /EP/ SAA

In accordance with the Council Decision of 30 January 2006 on the principles, priorities and conditions contained in the European Partnership with Serbia, and priority number 5.1.19 of the Government of Serbia adopted plan for implementation of the European Partnership priorities (adopted on 7 April 2006), the programme responds to the short and medium term economic requirements of necessary continued reforms to promote employment, combat unemployment, and to create a modern vocational education and training.

The Commission report on the preparedness of Serbia to negotiate an SAA with the European Union of April 2005 draws attention to cooperation aiming to help Serbia to raise the levels of vocational education and training, and life long learning (Section 3.7.5.2).

The Thessaloniki Agenda for the Western Balkans of June 2003 also places high priority on activities linked to the development of education.

2.4 Link with MIPD

A main priority of the MIPD socio-economic chapter (section 2.2.2) is promotion and implementation of education system reforms in order to support economic development and to meet the demands of the Lisbon agenda. This proposed programme will directly address outlined MIPD issues such as needs for: a better match between education and labour market needs, adapting education and training systems to new competency requirements, enhancing the involvement of all relevant stakeholders, developing adult education and life long learning, and provision of soft and hard support for vocational education and training

The programme will contribute to the expected MIPD expected results of: (i) reform of the education system to support development of the economy and society, and (ii) improvement of the conditions for growth and sustainable development in communities.

2.5 Link with National Development Plan (where applicable)

N/A

2.6 Link with national/sectoral investment plans

The VET Policy White Paper and the Adult Education Strategy both adopted in December 2006 support modernisation of the education system in order to: improve the quality of education; improve financing and management in education; strengthen the active involvement of all stakeholders; enhance professionalism and efficiency in education. Through the process of modernisation the MoE desires for an educational system that will be: development oriented; constantly improving; developed on the basis of the best practice in the current system and supporting all traditional values.

The need for further investment in education and training is recognised in the Poverty Reduction Strategy Paper (PRSP) adopted in 2003 as well as in the National Employment

Strategy (2005-2010) and National Employment Action Plan (2006-07). The National Employment Strategy identifies three main goals, namely: (i) increasing employment, (ii) investing in human resources and increasing the quality of labour supply, and (iii) ensuring a more cohesive labour market, in line with the three overarching goals set out for the EU in the 2000 Lisbon Council. According to the PRSP the system of vocational education should enable and offer both short-term and long-term flexible solutions that would enable pupils to qualify for a profession, which would lead to employment, but also make it possible to continue schooling.

The Serbian European Integration Strategy of May 2005 supports further revision and modernisation of education in Serbia including its positioning among the factors of technical, technological, social, economic and individual development. The first step in this process is to conceptualise education development and harmonisation of the overall education system with the social and individual needs and capacities. In other words, further educational development in Serbia should be brought in line with the following goals of education in Europe by 2010 by: raising the quality of education and training in line with the new social demands based on knowledge, and modernising teaching and learning processes; providing easier access to the education and training systems for all and in line with the principles of lifelong learning; faster employment, career development, equal opportunities and social cohesion; and opening education and training towards wider world in the light of making better connections between labour and society and responding to the challenges born out of the process of globalisation.

3. Description of project

3.1 Background and justification

The outdated initial education system and its lack of flexibility to adapt to the changing needs of the market and society are broadly recognised as impediments to the development of a dynamic, entrepreneurial and well-educated labour force in Serbia. The evidence of the insufficient quality of the compulsory education system can be found in the OECD Performance Indicator for International Students Assessment (PISA) 2003 results, in which Serbia holds one of the lowest positions in terms of reading capacity and proficiency in mathematics for 15-year-olds. An important part of the explanation for the poor relevance and low overall educational attainment is the performance of the country's vocational schools system, which enrolls 75% of the whole youth cohort. Around 93% of students completing primary education continue, choosing between the following options: four-year gymnasium, which leads to the Matura qualification and provides the possibility of entry to university; four-year vocational education, which allows entry to university; three-year vocational education, allowing access to post-secondary non-university education.

There are five public universities (University of Belgrade, University of Arts in Belgrade, University of Nis, University of Kragujevac and University of Novi Sad) and six accredited private universities (University Braca Karic, Megatrend University, European University, Singidunum University, University 'Union' and University of Novi Pazar) in Serbia. According to data, the public universities have a student body of approximately 170,000 students and 11,00 teaching staff. Of the total number of 90,000 students entering primary school, 50,000 graduate from secondary school and about 28,000 enter university. The percentage of students obtaining a Bachelors degree on time is roughly 11%. A number of serious boundary conditions exist in the higher education system in Serbia because of which

universities are hindered in their reforms. They include the economic situation, the general educational profile at school level, the legal framework, and current levels and methodologies of resource allocation. In addition to these generalised constraints, there are also a number of regional differences within Serbia which affect the universities in various ways. The unfortunate general picture in higher education resulting from the academic isolation of the 1990s is one of outdated and highly repetitive curricula, taught using outdated and internationally nonrelevant literature and materials. Coupled with this, in many cases the teaching methodologies used are seriously out of date. There is an urgent need to move towards a philosophy of student-centred learning, rather than teacher-centred teaching. Very large percentages of students take far too long to complete their university studies even considering the exceptional social situation of the recent years. This fact, coupled with the unacceptably high drop-out rates in many faculties throughout the universities, shows that the universities are not efficient in fulfilling their most essential purpose.

Secondary education is delivered in 127 general education schools (gymnasias) and 333 vocational schools. Vocational schools offer a considerable number of specialist profiles (512 listed profiles, but only 251 active), grouped in 15 sectors. The main problem with the secondary education system is that it is structured around educational profiles and course contents that correspond to outdated economy needs. Vocational schools are under-funded, have old/obsolete equipment and teachers are not up-to-date in technical and didactical skills. Enrolment in secondary education is centrally planned, on the basis of predetermined places for each school and on profiles that do not correspond to either the preferences of students or the needs of the labour market. Student orientation is very limited. In addition, the content and quality of skills and knowledge that the education system transfers to young people is consistently criticised by employers due to lack of problem-solving skills, entrepreneurial spirit, excessive theoretical knowledge and inadequate general and specific technical skills.

There are currently 81 institutes/schools delivering post-secondary vocational training: 49 of which are state funded (enrolling approx. 25000 new students each year), while the remaining 32 are private, but approved by the MoE. These are institutions delivering basic professional studies - the so-called 'Colleges' (*Više škole*). According to the new law on higher education, basic professional studies last for three years. In the transition period there are students enrolled according to the previous law when the courses last two to three years in several branches. Concerning the sectors covered by post-secondary VET, the majority of schools are in the field of technical profiles (26), 9 in Economics and Business, 3 in Food Production and Processing, 2 in Medical issues, 11 for Teachers, 1 each on Hotel Management, Police, Arts. The two to three year courses lead to Level VI (roughly EQF level 5) professional qualifications; they offer theoretical and practical preparation for performing sophisticated executive tasks and for organisation and management of other specialists' work. The certificate awarded by these schools is regarded as the final one. However, certain Faculties within the Universities could decide to accept holders of the college certificate and to enrol them into the second or third year of study, offering them a chance to get a university degree. The decision is made in accordance to the degree of overlap between the programmes offered by the college and the university. As in many countries, post-secondary non-university education has not been given a high priority in recent education reforms, which have tended to focus on secondary education and the University sector. There are therefore concerns about the positioning of this college sector with a sense that it is being 'squeezed' between an expanding desire for University education, and a focus within secondary education of making non-University bound students more immediately job-ready. According to the Law on Higher

Education, the colleges can apply for entering University level provided they are accredited by the Council for Higher Education.

The relevance of education is the extent to which it provides people, especially young people, with the skills and knowledge they need to be successful in the labour market. By this measure, Serbia's education system faces major challenges.

About one-half of those young people who are interested in working cannot find a job. Although young people in most countries tend to have problems making the transition into the labour market, their situation in Serbia is particularly difficult. Participation and employment rates for youth are low. When young people do find jobs, it is more often in the informal sector than in the formal one. The poorly educated and young people are significantly overrepresented in the informal sector relative to the formal sector. Wages for informal sector workers are 20% below those in the formal sector, and workers in this sector do not easily move into formal-sector jobs.

What is most unusual in Serbia is that secondary education graduates appear to be no more successful in the labour market than those with just a primary education. In fact, employment rates for those with less than primary education are better, because of the prevalence of low-skilled jobs. Secondary graduates have the highest unemployment rates. Their wages are only about two-thirds of the wages of those with university degrees (though the gap appears to be falling) and are not much higher than the wages of those with primary education. As expected, those with a tertiary education do well when they join the labour market.

As Serbia's labour market becomes more flexible and dynamic with higher levels of investment, those who have been out of work for some time will be at an increasing disadvantage. Already, 79% of all unemployed workers have been without work for at least one year. Any work experience of older people will become less marketable; this already appears to be happening in Serbia as the middle-aged have a harder time finding jobs. Moreover, there is a sizeable group of young people in the labour market who are experiencing difficult long periods of unemployment and so are unable to acquire work experience and new skills. This group will become even more vulnerable if improvements to the formal education system allow new secondary and tertiary education graduates to enter the labour market with better skills and knowledge.

The shortcomings in the initial, formal education system are compounded by the weaknesses in the supply of quality adult education and training opportunities. As a result, those with weak or inappropriate skills and knowledge are particularly affected by these shortcomings. The legacy of a network of adult education institutions and organisations has not been preserved. Secondary vocational schools allow adults to take examinations in certain subjects but do not make special provision for training them. There are a few programmes of continuing education in the universities, but these are limited mainly to former students.

More importantly, firms are investing too little in training, given the need for an accelerated transition. In all economies, the biggest financiers and organisers of training are enterprises. However, in Serbia, while those who work for the few firms that offer training do relatively well, the proportion of firms that offer training at all levels is below the average for comparable transition countries. As is the experience of other countries, small companies generally offer a lot less training than medium and larger companies.

Serbia has a relatively low average level of education amongst its adult population and it compares poorly with some new EU member states. While Serbia's performance is improving, it has been doing so more slowly than key competitors. This is because Serbia has a relatively low number of students in secondary education and because graduation rates are very low in tertiary education. In short, Serbia is still likely to be at a quantitative disadvantage as far as its stock of educated adults is concerned relative to many of its competitors, unless enrolment and graduation rates are raised significantly.

An advanced knowledge society is the key to higher growth and employment rates. Education and training are essential priorities for the Serbia in order to increase employment. Serbia is affected by the need of knowledge workers that are experts and medium-level managers holding high technical skills but also able to manage both economic and information processes, and human and production resources.

Appropriate methods for involving employers in VET still need to be institutionalised. Many of these policy/strategic issues have started to be addressed under CARDS 2003 and 2005 VET reform programmes, but progress remains slow especially due to lack of Government focus on education as a priority issue, the need for reforms in institutional frameworks, and limited MoE administrative capacity. Although there have been recent expenditure increases in education as a percentage of GDP (2.7% in 2000 to 3.4% in 2003; EU average - 5%), the largest part of expenditure (around 80%) is devoted to salaries of teachers, leaving a small part of the budget for improvements in infrastructure and modernisation of the education provision.

There is limited data available on the skills and competitiveness of the labour force in Serbia. However, the long years of disinvestment in new technologies and modern methods of work organisation within enterprises, involvement in subsistence agriculture and the extent of informal sector activities, suggest that a large section of the labour force may have the formal qualifications but not the updated skills necessary for a market-based economy.

There is no doubt that the relevance and quality of secondary education must be improved with the aim of facilitating the transition to the labour market by strengthening the general secondary school education and reforming the VET system. The only doubts surround the willingness of Government to implement necessary reforms and the phasing of reforms. Building on the CARDS 2003 and 2005 VET reform supported activities and the lessons to be learned, this programme takes a realistic view to address a few objectives that can be achieved in the short-term.

For example, although the concept of lifelong learning is starting to be accepted in Serbia, that development of vocational education in Serbia must accept and include the principles of lifelong learning, that a life long learning strategy addressing secondary, post-secondary and higher education is required, it will not become a reality without the implementation of appropriate reforms that can not be envisaged in the short-term. Therefore, the programme will support transformation of the present national VET centre (located within the Pedagogical Institute) into a national VET and Adult Learning Agency but always bearing in mind the need for the Agency to further transform in the medium to long-term to a national Life Long Learning Agency. Activities of this VET and Adult Learning Agency would be focused on vocational development, improvement and further training with a special stress on secondary and post-secondary vocational education. The Agency should also contribute to address the relevant aspects concerning the qualifications and the quality of delivered

education and training. Additionally, the programme will address policy related actions taking the life long learning concept into account.

3.2 Assessment of project impact, catalytic effect, sustainability

Programme impact and sustainability is assessed to be high. Programme design focuses on establishment of sustainable governance structures, development of more intense cooperation between all the relevant stakeholders, and the achievement of a wide impact at school level. Improvements in the governance structures and the initiative to systematise pilot activities in at least two sectors will lend to system sustainability and have a great impact not only on the selected sectors but will also have a catalytic effect on the other sectors.

3.3 Results and measurable indicators

- A VET and Adult Education (AE) Council established and operational.
- Existing VET centre transformed into a fully functioning national VET and AE Agency.
- AE Units established in MoE and MEC and staff trained.
- Effective joint working groups established and policy documents on the design and implementation of HRD policies produced by the MoE and MEC.
- Social partners are actively involved in the modernisation of the VET and Adult Learning systems.
- Legislation on initial and continuing education reviewed and amendments adopted, where necessary.
- A Quality Assurance system for VET and AE designed and under implementation. Quality standards for school directors, inspectors and education advisors established. Indicators and procedures for the evaluation of training programmes/modules in place.
- Procedures and a register for accreditation of institutions and courses established.
- Building on CARDS 2003 and CARDS 2005 VET reform monitoring and evaluation activities, extend pilot curricula positively assessed to all classes in at least two sectors. Complete the modularisation of the curricula by applying the same methodology used for piloting the vocational subject to the general subjects.
- Building on CARDS 2003 and CARDS 2005 VET reform activities, train all teachers, school principals and other associated professionals in the selected sectors.
- Equipment and didactical material for the selected sectors provided.
- EIB Education Sector Loan Programme completed and support for a Phase II education sector loan provided, if required.

3.4. Activities

3.4.1 Strengthen the governance of initial and continuing education

The implementation of the current and future reforms in education require the creation of appropriate institutional solutions, which according to the national VET policy White Paper, Adult Education Strategy and action plan for implementation of the White Paper and AE Strategy, can be identified as follows:

- Creation of a National VET and Adult Education Council, which will have an active role in needs identification and solving, and monitor and coordinate the development of VET

and adult education. This body, which will become also the National Qualification Authority for the implementation of the NQF, will work in coordination with both MoE and MEC in order to establish a coherent linkage between the education system and the labour market needs;

- Establishment of a national Agency for VET and Adult Education with the particular but not exclusive support of the existing Centre for Vocational Education and Training within the Institute for Improvement of Education (Pedagogical Institute). The Agency would undertake professional activities in the development of VET and adult education, deal with the definition of standards and qualifications, assessment and accreditation of education institutions and courses, and be responsible for quality assurance. In order to achieve the above objectives, the Agency will work in coordination with both MoE and MEC.
- Strengthening, through appropriate training initiatives, social partnership, which is fundamental for:
 - i. Attracting and retaining more people in employment
 - 1. Supporting the implementation of the EU employment strategy;
 - 2. Turning the informal economy into formal.
 - ii. Investing in human capital through better education and skills
 - 1. Modernising the VET systems;
 - 2. Developing adult education and lifelong learning.
 - iii. Social inclusion
 - 1. Promoting an inclusive labour market;
 - 2. Definition and implementation of social inclusion policies.

3.4.2 Adult Learning

The implementation of the AE Strategy will require the adoption of the appropriate legislation, which will include the drafting of the necessary by-laws and administrative implementation measures;

In the meantime, the extent and patterns of adult learning in the country will be identified through a national survey carried out in order to collect data at municipal and sector/company level. These data will become available to everybody by publishing them, and any other relevant information, in the new portal on VET and AE to be created by the new VET and AE Agency.

- Support for the creation of Adult Education Units in both the MoE and MEC as foreseen in the AE Strategy.
- Support provided to both the MoE and MEC to form joint, operational working groups.
- Identify the extent and patterns of adult learning through a national survey.
- Review all existing initial and continuing VET related legislation, make recommendations including either amendments to existing legislation and/or new legislation, and undertake consultations with the authorities on the suggested amendments/new legislation.

3.4.3 Quality Assurance

A QA system in VET is designed and endorsed in order to promote quality in education and training at all levels, system and providers level, by making use of the EU Common Quality Assurance Framework and promoting self assessment procedures

- After full consideration of existing initiatives in the field of Quality Assurance in education, design if relevant and support implementation of a QA system in VET in order to promote quality in education and training at all levels, system and providers level, by making use of the EU Common Quality Assurance Framework and promoting self assessment procedures. Develop procedures and indicators for evaluation of the programmes/modules.
- Establish a new system of standards for school directors, inspectors and education advisors.
- Develop standards, procedures and a register for accreditation of training education programmes/modules.

3.4.4 Support development of a National Qualifications Framework (NQF)

Establishing an NQF is vital in order to support the development of a modern, relevant and flexible system of vocational and adult education. The main purpose of the NQF is: to provide relevant qualifications in accordance with economic and social needs; improve accessibility and flexibility of vocational education and adult education and ensure mobility within the system; improve the quality of formal and non-formal educational system; make conditions for defining and constantly applying educational standards; make conditions for organising vocational education (in formal and non-formal education sector) and adult education based on quality standards; and ensuring international recognition of the qualifications obtained in Serbia.

Building on CARDS 2003 and CARDS 2005 VET reform activities supporting the establishment of an NQF, establish procedures and a register for an accreditation and certification system for all institutions and courses.

3.4.5 Modernised VET programmes – from pilot to systematisation

- Building on CARDS 2003 and CARDS 2005 VET reform monitoring and evaluation activities, extend pilot curricula positively assessed to all classes in at least two sectors. All curricula should be competence-based and outcome-oriented and include key competences.
- Complete the modularisation of the curricula by applying the same methodology used for piloting the vocational subject to the general subjects.
- Building on CARDS 2003 and CARDS 2005 VET reform activities, train all teachers, school principals and other associated professionals in the selected sectors.
- Provide equipment and didactical materials for the selected sectors.

3.4.6 EIB Education Sector Loan Facilities

- Additional support for implementation of the ongoing EIB Education Sector Loan (€25 million) and for possible assessment and implementation of a further sector loan from EIB.

The project will be implemented through service and supplies contracts.
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3.5 Conditionality and sequencing

- the Government ensures, firstly, that the relevant line Ministries (e.g. MoE and MEC) cooperate in a much more effective manner and, secondly, that the relevant Government actors cooperate effectively with the social partners and private sector.
- the Government takes the appropriate institutional and legislative steps to establish the VET and Adult Education Council and Agency.
- the Pedagogical Institute (incorporating the professional VET institutions) cooperates with the programme in a positive manner.
- the MoE and MEC ensure effective management of the programme at national and local level, taking into account mobilisation of staff from the MoE, Pedagogical Centre, VET schools, MEC, NES and other institutions.
- the MoE and pilot schools ensure that teachers are allowed sufficient time from daily school activities to participate in all relevant training activities and, where applicable, act as management facilitators, Change Agents/Instructors, curriculum facilitators, assessment specialists and Monitoring and Evaluation specialists.
- the MoE, relevant Municipalities and pilot schools undertake to cover local travel costs, accommodation and per diems for teacher training/human resource development related activities.

3.6 Linked activities

The proposed programme follows specifically from a completed CARDS 2003 VET reform programme (€13.2 million), an ongoing CARDS 2005 Phase II VET reform programme (€3.5 million), and a CARDS 2006 VET equipment supply programme (€3 million). These programmes have supported: the development of a national VET policy White Paper; a national Adult Education Strategy; action plans for implementation of the White Paper and Adult Education Strategy; support to development of a National Qualifications Framework; development of new occupational standards, profiles and curricula in 71 pilot schools in 8 sectors; establishment of five regional training centres for adults; support to assessment and implementation of the EIB Education Sector Loan (€25 million); provision of IT equipment to more than 150 schools and specialist VET equipment to 71 pilot schools; undertaking of small civil works in 49 schools; and implementation of 38 small projects for grass-roots level VET priorities.

The proposed activity is also consistent with and complementary to other ongoing related EC funded support, including, (i) support to SME policy development including implementation of the national SME strategy and the European Charter for Small Enterprises, non-financial support to SMEs including provision of advice, information and training for would-be entrepreneurs and existing business through regional enterprise support centres, (ii) support to employment through development of national employment action plans, active labour market measures, and restructuring of the national employment service, (iii) regional socio-economic development initiatives in areas in north-eastern, south-western, central and south Serbia, and (v) municipal support programmes in eastern, north-eastern and southern Serbia.

Other donor activities include the World Bank support to education decentralisation, a GTZ funded VET project (curriculum modernisation in commercial VET school programmes), a British Council quality project, a Canadian Government funded educator development programme, and UNDP is providing assistance for financial planning and control, a School Facilities and Infrastructure unit and a Media unit within the MoE.

3.7 Lessons learned

The completed CARDS 2003 programme “VET Reform programme–capacity building and implementation” and the ongoing CARDS 2005 VET reform programme – Phase II have demonstrated the following: (i) the clear need and potential for change in Serbia at VET provider level. The responsiveness of VET schools, teachers and school principals has been extremely high; (ii) the need to systematise pilot VET school activities, extending activities to other schools in a given economic sector (iii) the need for further capacity building in the fields of VET policy development and implementation and clarification of the VET institutional setting; (iv) the reluctance and limited capacity of the MoE to undertake education system reforms. Serbia wants a modernised and sustainable VET system with strong schools offering relevant programmes. The difficulty is moving from concept to strategy, in particular to implementation. There is an apparent reluctance among key actors to move towards operational issues due to continuing political uncertainty and lack of resources; (v) the clear need for much greater cooperation between Government actors, and with social partners. Cooperation between the MoE and MEC remains a particular area of concern; (vi) the need for a life long learning concept (strategy/agency) in the medium to long-term; and (vii) in the 2004 education Law, four major issues stand out where specific VET provisions are missing: (a) the labour market context of VET; (b) the role and place of technical support institutions for VET; (c) certification and qualification structures; (d) financial mechanisms. VET is defined only from education system logic and specialised institutions have been closed down. At the same time, progression routes after secondary education are not solved.

4. Indicative Budget

Activities	TOTAL COST	SOURCES OF FUNDING										
		EU CONTRIBUTION				NATIONAL PUBLIC CONTRIBUTION					PRIVATE	
		Total	% *	IB	INV	Total	% *	Central	Regional	IFIs	Total	% *
Activity 1 TA	2.5		62.5	2.5								
contract 1.1	2.5		62.5	2.5								
contract 1.2												
Activity 2 Equipment	1.5		37.5		1.5							
contract 2.1	1.5		37.5		1.5							
contract 2.2												

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TOTAL	4.0	4.0	100									

* expressed in % of the Total Cost

5. Indicative Implementation Schedule

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1	T+1	T+2	T+ 8
Contract 1.2	T+1	T+3	T+ 8

All projects should in principle be ready for tendering in the 1ST Quarter following the signature of the FA

6. Cross cutting issues

Development Policy Joint Statement by the Council and the European Commission of 10 November 2000 establishes that a number of Cross-cutting Issues shall be mainstreamed into EC development co-operation and assistance.

Cross-cutting issues will be addressed in the project so as to comply with the best EU standards and practice in that area and in a way which demonstrates how they will be dealt with within the project's framework, its activities and outputs.

Cross-cutting issues will be addressed in a proactive manner, and will present a specific component of projects (at all levels of projects' development, starting from the project identification stage). Synergies between the projects and the objectives of will be identified and developed. Also, the projects' objectives and activities need to be screened in order to ensure they won't impact negatively on gender equality, minorities' inclusion and environment.

Finally, the beneficiary will make sure its objectives, policies and interventions have a positive impact on and are in line with the main principles of gender equality, minorities' inclusion and environment.

6.1 Equal Opportunity

Provision of new skills responding to the requirements of a changing economy will achieve increased employability of young people (especially women) and reduce unemployment. The project will also impact the capacity of national and local actors to develop and implement responses to demands for change including the need to provide equal opportunities.

6.2 Environment

Introducing environmental issues into curricula, school design and facilities can improve educational outcomes and have wider livelihood and health benefits.

6.3 Minorities

The project provides for further strengthening of all relevant national actors including the social partners, and the development of VET policies and measures that enhances the adaptability and employability of male and female labour force, minorities and other vulnerable groups.

ANNEX I: Logical framework matrix

LOGFRAME PLANNING MATRIX FOR Project Fiche	Programme name and number	Modernisation of the vocational education and training system in Serbia
	Contracting period expires 5 years after the signature of the Financing Agreement	Disbursement period: expires 6 years after the signature of the Financing Agreement
	Total budget : €4.0 million	IPA budget: €4.0 million

Overall objective	Objectively verifiable indicators	Sources of Verification	
To support modernisation of the education and training system in order to contribute more efficiently to national economic recovery and social cohesion, and meet labour market and student needs.	Improved economic performance over time, better matching of educational profiles with jobs, and less social exclusion.	- MoE and other Govt reports on labour market performance. - Employment statistics including Labour Force Survey and tracer studies. - Assessment of Ministries, social partners and donors.	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
- Strengthen the institutional capacity and improve governance of the initial and continuing VET system through the establishment of a VET and Adult Education Council, transformation of the existing National VET Centre into an executive Agency for VET and Adult Education, and the creation of Adult Education Units at the MoE and MEC - Further develop NQF giving priority to the development of quality standards and procedures for accreditation of VET programmes and courses. - Support the development and implementation of a QA system for VET and adult education. - Support introduction of modernised VET programmes in all schools across at least two economic sectors.	- Fully functioning VET and Adult Education Council, VET Agency and adult education units in MoE and MEC - VET programme accreditation system in place including standards and a register of institutions and courses. - Quality Assurance system for VET and adult education including procedures and indicators. - Modernised VET courses and trained professionals in at least two economic sectors.	- Govt, MoE, MEC, VET Agency reports. - School, student, and other client surveys. - Government adopted legislation (Official Gazette) - Project monitoring instruments and reports. - EAR monitoring reports. - Mid-term review. - Programme end evaluation report.	- Political and economic stability. - Continued Government commitment to economic and legislative reform. - Readiness of MoE, other relevant Ministries and other relevant actors (social and private sector) to cooperate closely in the delivery of project objectives. - Support from MoE and VET Agency staff.

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
• VET and Adult Education Council established and operational. • Existing VET centre transformed into a fully functioning national VET and AE Agency. • AE Units established in MoE and MEC and staff trained. • Effective joint working groups established and policy documents on the design and implementation of HRD policies produced by the MoE and MEC. • Legislation on reviewed and amendments adopted, where necessary. • Under the auspices of the VET and AE Agency, a Quality Assurance system for VET and AE designed and under implementation. Quality standards for school directors, inspectors and education advisors established. Indicators set and procedures for the evaluation of training programmes/modules in place. • Procedures and register for accreditation of institutions and courses established. • Building on CARDS 2003 and CARDS 2005 VET reform monitoring and evaluation activities, extend pilot curricula positively assessed to all classes in at least two sectors. Complete the modularisation of the curricula by applying the same methodology used for piloting the vocational subject to the general subjects. • Building on CARDS 2003 and CARDS 2005 VET reform activities, train all teachers, school principals and other associated professionals in the selected sectors. • Equipment and didactical material for the selected sectors provided. • Improved effectiveness of VET provision through updated programmes (curricula, teacher trained, specification of equipment needs) in 2 sectors corresponding to emerging economic development and employment needs. • EIB Education Sector Loan completed and support for a Phase II education sector loan provided, if required.	• VET and Adult Education (AE) Council in place. • Fully functioning VET Agency. • Functioning adult education units in MoE and MEC. • MoE/MEC working groups established. • Legislative reviewed, and amended as required. • VET and AE quality assurance system in place. • Procedures and register for accreditation of institutions and courses established. • Pilot curricula positively assessed to all classes in at least two sectors. • all teachers, school principals and other associated professionals trained in the selected sectors. • Equipment and didactical material delivered. • Completed EIB education sector loan.	• Govt, MoE, MEC, VET Agency reports including school, student, and other client surveys. • Government adopted legislation (Official Gazette) • Project monitoring instruments and reports. • EAR monitoring reports. • Mid-term review. • Programme end evaluation report.	• Project participation does not overstretch capacity of partners and staff involved. • Support from Ministries of Education and Labour and social partners.

Activities	Means	Costs	Assumptions
Strengthen the governance of initial and continuing education • Create a National VET and Adult Education Council, which will also become the National Qualification Authority for the implementation of the NQF; • Establishment of a national Agency for VET and Adult Education out of the existing Centre for Vocational Education and Training. • Assistance for the creation of an Adult Education Unit in both the MoE and MEC as foreseen in the AE Strategy. Adult Learning • Support provided to both the MoE and MEC to form joint, effective, operational working groups. • Identify the extent and patterns of adult learning through a national survey. • Review all existing initial and continuing VET related legislation, make recommendations including either amendments to existing legislation and/or new legislation, and undertake consultations with the authorities on the suggested amendments/new legislation. Quality Assurance • Design and support implementation of a QA system in VET in order to promote quality in education and training at all levels, system and providers level, by making use of the EU Common Quality Assurance Framework and promoting self assessment procedures. Develop procedures and indicators for evaluation of the programmes/modules. • Establish a new system of standards for school directors, inspectors and education advisors. • Develop standards, procedures and a register for accreditation of training education programmes/modules. Support of NQF • support the establishment of an NQF, establish	• Technical Assistance • Equipment and didactical	• Technical assistance - €2.5 million • Equipment/materials for VET schools - €1.5 million	• Tendering process ensures adequate provision of TA. • Tendering procedures undertaken as scheduled.

procedures and a register for an accreditation system for all institutions and courses. Modernised VET programmes – from pilot to systematisation • extend pilot curricula positively assessed to all classes in at least two sectors. • Complete the modularisation of the curricula by applying the same methodology used for piloting the vocational subject to the general subjects. • train all teachers, school principals and other associated professionals in the selected sectors. • Provide equipment and didactical materials for the selected sectors. EIB Education Sector Loan Facilities • Additional support for implementation of the ongoing EIB Education Sector Loan (€25 million) and for possible assessment and implementation of a further sector loan from EIB.			
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ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project

Contracted	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	
Contract 1.1		2.5									
Contract 1.2		1.5									
Contract 1.3											
Contract 1.4											
.....											
Cumulated		4.0									

Disbursed											
Contract 1.1		1,500,000	150,000	150,000	150,000	150,000	150,000	250,000			
Contract 1.2		900,000			450,000			150,000			
Contract 1.3											
Contract 1.4											
.....		2,400,000	2,550,000	2,700,00	3,330,000	3,450,000	3,600,000	4,000,000			
Cumulated											

ANNEX III

Description of Institutional Framework

The Ministry of Education is in charge of implementation and monitoring of this project. The work, mandate and authorisations of the Ministry are regulated by the Law on Ministries (adopted on May 15, 2007 (Official Gazette of Republic of Serbia no. 48/07) – i.e. Article 18.

The main sectors of the Ministry of Education are:

- Sector for Development of Education and International Cooperation
- Sector for Pre-School and Elementary Education
- Sector for Secondary Education
- Sector for Post-Secondary and Higher Education
- Sector for Pupil and Student Standard

ANNEX IV

Reference to laws, regulations and strategic documents:

Reference list of relevant laws and regulations

Key laws, regulations and strategic documents in the area of Education:

General:

- Constitution of the Republic of Serbia
- Law for the Implementation of the Constitution of the Republic of Serbia
- National Strategy for Serbia and Montenegro's Accession to the European Union
- Action Plan for the Implementation of the European Partnership
- Poverty Reduction Strategy Paper

Education:

- VET Policy White Paper
- Adult Education Strategy
- Law on Basis of the Education System
- Law on Secondary Schools
- Law on Higher Education

Reference to AP /NPAA / EP / SAA

In accordance with the Council Decision of 30 January 2006 on the principles, priorities and conditions contained in the European Partnership with Serbia, and priority number 5.1.19 of the Government of Serbia adopted plan for implementation of the European Partnership priorities (adopted on 7 April 2006), the programme responds to the short and medium term economic requirements of necessary continued reforms to promote employment, combat unemployment, and to create a modern vocational education and training.

The Commission report on the preparedness of Serbia to negotiate an SAA with the European Union of April 2005 draws attention to cooperation aiming to help Serbia to raise the levels of vocational education and training, and life long learning (Section 3.7.5.2).

The Thessaloniki Agenda for the Western Balkans of June 2003 also places high priority on activities linked to the development of education.

Reference to MIPD

A main priority of the MIPD socio-economic chapter (section 2.2.2) is promotion and implementation of education system reforms in order to support economic development and to meet the demands of the Lisbon agenda. This proposed programme will directly address outlined MIPD issues such as needs for: a better match between education and labour market needs, adapting education and training systems to new competency requirements, enhancing the involvement of all relevant stakeholders, developing adult education and life long learning, and provision of soft and hard support for vocational education and training

The programme will contribute to the expected MIPD expected results of: (i) reform of the education system to support development of the economy and society, and (ii) improvement of the conditions for growth and sustainable development in communities.

Reference to National Development Plan

N/A

Reference to national / sectoral investment plans

The VET Policy White Paper and the Adult Education Strategy both adopted in December 2006 support modernisation of the education system in order to: improve the quality of education; improve financing and management in education; strengthen the active involvement of all stakeholders; enhance professionalism and efficiency in education. Through the process of modernisation the MoE desires for an educational system that will be: development oriented; constantly improving; developed on the basis of the best practice in the current system and supporting all traditional values.

The need for further investment in education and training is recognised in the Poverty Reduction Strategy Paper (PRSP) adopted in 2003 as well as in the National Employment Strategy (2005-2010) and National Employment Action Plan (2006-07). The National Employment Strategy identifies three main goals, namely: (i) increasing employment, (ii) investing in human resources and increasing the quality of labour supply, and (iii) ensuring a more cohesive labour market, in line with the three overarching goals set out for the EU in the 2000 Lisbon Council. According to the PRSP the system of vocational education should enable and offer both short-term and long-term flexible solutions that would enable pupils to qualify for a profession, which would lead to employment, but also make it possible to continue schooling.

The Serbian European Integration Strategy of May 2005 supports further revision and modernisation of education in Serbia including its positioning among the factors of technical, technological, social, economic and individual development. The first step in this process is to conceptualise education development and harmonisation of the overall education system with the social and individual needs and capacities. In other words, further educational development in Serbia should be brought in line with the following goals of education in Europe by 2010 by: raising the quality of education and training in line with the new social demands based on knowledge, and modernising teaching and learning processes; providing

easier access to the education and training systems for all and in line with the principles of lifelong learning; faster employment, career development, equal opportunities and social cohesion; and opening education and training towards wider world in the light of making better connections between labour and society and responding to the challenges born out of the process of globalisation.

ANNEX V

Details per EU funded contract (*) where applicable:

Strengthen the governance of initial and continuing education

The implementation of the current and future reforms in education require the creation of appropriate institutional solutions, which according to the national VET policy White Paper, Adult Education Strategy and action plan for implementation of the White Paper and AE Strategy, can be identified as follows:

- Creation of a National VET and Adult Education Council, which will have an active role in needs identification and solving, and monitor and coordinate the development of VET and adult education. This body will become also the National Qualification Authority for the implementation of the NQF;
- Establishment of a national Agency for VET and Adult Education out of the existing Centre for Vocational Education and Training within the Institute for Improvement of Education (Pedagogical Institute). The Agency would undertake professional activities in the development of VET and adult education, deal with the definition of standards and qualifications, assessment and accreditation of education institutions and courses, and be responsible for quality assurance.
- Support for the creation of Adult Education Units in both the MoE and MEC as foreseen in the AE Strategy.

Adult Learning

- Support provided to both the MoE and MEC to form joint, operational working groups.
- Identify the extent and patterns of adult learning through a national survey.
- Review all existing initial and continuing VET related legislation, make recommendations including either amendments to existing legislation and/or new legislation, and undertake consultations with the authorities on the suggested amendments/new legislation.

Quality Assurance

- Design and support implementation of a QA system in VET in order to promote quality in education and training at all levels, system and providers level, by making use of the EU Common Quality Assurance Framework and promoting self assessment procedures. Develop procedures and indicators for evaluation of the programmes/modules.
- Establish a new system of standards for school directors, inspectors and education advisors.
- Develop standards, procedures and a register for accreditation of training education programmes/modules.

Support development of a National Qualifications Framework (NQF)

Establishing an NQF is vital in order to support the development of a modern, relevant and flexible system of vocational and adult education. The main purpose of the NQF is: to provide relevant qualifications in accordance with economic and social needs; improve accessibility and flexibility of vocational education and adult education and ensure mobility within the system; improve the quality of formal and non-formal educational system; make conditions for defining and constantly applying educational standards; make conditions for organising vocational education (in formal and non-formal education sector) and adult education based on quality standards; and ensuring international recognition of the qualifications obtained in Serbia.

Building on CARDS 2003 and CARDS 2005 VET reform activities supporting the establishment of an NQF, establish procedures and a register for an accreditation system for all institutions and courses.

Modernised VET programmes – from pilot to systematisation

- Building on CARDS 2003 and CARDS 2005 VET reform monitoring and evaluation activities, extend pilot curricula positively assessed to all classes in at least two sectors. All curricula should be competence-based and outcome-oriented and include key competences.
- Complete the modularisation of the curricula by applying the same methodology used for piloting the vocational subject to the general subjects.
- Building on CARDS 2003 and CARDS 2005 VET reform activities, train all teachers, school principals and other associated professionals in the selected sectors.
- Provide equipment and didactical materials for the selected sectors.

EIB Education Sector Loan Facilities

- Additional support for implementation of the ongoing EIB Education Sector Loan (€25 million) and for possible assessment and implementation of a further sector loan from EIB.