

OECD INVESTMENT COMPACT

South East Europe Investment Committee 1st Meeting of the Working Group on Human Capital Zagreb, 10 July 2007

Summary Record

Session I : Competitiveness, skills supply and development, and FDI trends

Presentations

Participants:

- Heard Assistant Minister Skrgatic open the meeting by welcoming all participants and expressing Croatia's strong interest and support in the initiative.
- Heard Mr. Antonio Fanelli, Deputy Head of the Investment Compact, welcome participants and present the proposed approach to launch a Skills Development Programme in South East Europe (PowerPoint presentation).
- Heard Mr. Antonio Fanelli and Mr. Gerhard Kowar, OECD Education Department, present the conceptual framework for analysis (PowerPoint presentation).
- Heard Mr. Pasi Sahlberg, European Training Foundation, make a presentation on the emerging paradoxes in education (PowerPoint presentation).

Discussion

Participants:

- Discussed the importance of immigrants in the workforce.
 - 10% of the workforce in Ireland is not Irish. But there are two problems: the recognition of immigrants' qualifications and proficiency in the English language.
 - There are two kinds of emigrants in SEE : (i) short term, often not very skilled, and cheap workforce, and (ii) long term, very skilled workforce emigrating to Canada or the USA to get a better salary. The question is: how to attract those people back? In Serbia, most young qualified people have studied abroad. Personal reasons are important in the decision to come back, but so is a good and stable economic climate.
 - Underlined the importance of linking specialists abroad with people working in the region in the same field, and to involve them in policy development.
- Discussed the importance of teacher training.
 - Who teaches the teacher? The problem in SEE is a supply driven education system: a 'we teach what we know' approach.
 - There is a huge information gap between the labour market and the education system. Teachers do not know which skills are needed in the economy.
- Discussed the importance of the pace of change and absorption capacity.
- Noted that in fragmented societies, individual competitiveness is not very valuable.

Session II : Policy Response - Experiences from non-SEE countries

Presentations

Participants:

- Heard Mr. Martin Shanahan, Head of Human Capital and Labour Market Policy, Forfás, present Ireland's experience. (PowerPoint presentation)
- Heard Ms. Tiina Annus, Head of Analyses Department, Ministry of Education and Research, present Estonia's experience. (PowerPoint presentation)

Discussion

Participants:

- Discussed possible problems in cooperation with the Labour department and trade unions. In Ireland, Labour is part of the department that has led the study. Both trade unions and employers organisations are in favour of the agenda because there are more skills available for employers and workers get upskilled. The problem is more on the financing side.
- Discussed the mechanisms to adapt forecasting to real and current changes in demand and supply of skills. How do you make sure that all relevant elements are included in the forecast? Conducting skill supply and demand projections is more a judgement than a crystal ball reading exercise. The strategy has to be adapted according to circumstances. The skill gap analysis is more a vision than an accurate estimate. You can not be prescriptive on what is going to be needed. Moreover, this is going both ways : you can either develop industries building on existing skills or develop skills according to industries needs. In the second approach it was emphasised the need to build skills rather quickly to seize the development opportunity (example is Ireland in ICT sector).
- Discussed the danger of leaving aside the broader education needs by focusing only on skills needed for the economy. There is no danger of forgetting the wider value of education in the approach proposed. The danger is actually that many educational institutions do not engage with their stakeholders (feedback from students, from teachers connected to labour market evolutions, etc.)
- Underlined the importance of information from tax polls to identify where graduates are working.

Session II : Policy Response: Experiences from SEE countries

Presentations

Participants:

- Heard Mr. Anthony Gribben, European Training Foundation, introduce the session with a presentation on the topic 'Skills Gap Analysis and Skill Development in South East Europe: More Questions Than Answers?' (PowerPoint presentation)
- Heard Ms Madlen Serban, Director of the National Centre for Vocational Education and Training Development, Romania, present VET and labour market transformation correlation mechanisms (PowerPoint presentation).
- Heard Ms. Mirjana Zečirević, Croatian Employment Services, present the activities of the Croatian Employment Services in harmonizing demand and supply in the labour market (PowerPoint presentation).

Discussion

Participants:

- Partnership, communication, cooperation were the most commonly mentioned principles which the participants felt as necessary to improve the situation in SEE.
- Discussed existing studies and work conducted in SEE on skills and the labour market.
- The participants explained what kind of works related to skills gap have already been done in their respective countries:
 - Croatia: Skills gap development in ICT industry (USAID), Analysis of HR in the Human Resource Development Operational Programme, as well as various specific HR analysis through CARDS programmes.
 - Serbia: Labour market review (World Bank).
 - Montenegro: Skills gap analysis for public sector only (training needs analysis conducted), various sectoral HR development strategies (tourism, woodprocessing, agriculture, ICT).
 - Macedonia: Skills gap analysis done as basis for various strategic documents, including the National Development Plan, Human Resource Development Operational Programme, Strategic Coherence Framework.
 - Moreover, ETF has provided methodology for training needs analysis that the SEE can use and the OECD has conducted an overall assessment on human capital within IRI 2006

Conclusions and Definition of the Working Group's working programme

- Heard Antonio Fanelli present possible next steps. The Working Group could engage work on two levels : through a sectoral approach and through a general approach. The first approach would involve analytical work - based on data and information from IPAs and various agencies - on how to identify skills gaps in a few sectors and design a skills development programme in collaboration with all stakeholders in order to address these gaps. This exercise will however focus more on the methodology than on the results and the main output will be the publication of a set of practical guidelines (how analysis can be done, what data is needed, which analytical tools to use (surveys, stats, etc.)
- However, comment was made that methodological work is not enough. The methodology should be applied applied to one sector through a pilot project to show results.

Proposed Next steps

- Define a smaller group of experts to review existing studies, practical tools and methodologies which have been used, and discuss possible approaches, bearing in mind the proposals from this meeting.
- This work will then be presented at the next meeting of the Working Group in January and decisions will be taken on how to proceed with the actual analysis and the implementation of the pilot project (which sectors, what methodology, regional or national level, etc.).