

MINUTES OF THE FEASIBILITY WORKSHOP ON EUROPEAN SKILL NEEDS FORECASTING 20 and 21 October 2005, Paphos, Cyprus

1. Purpose of the workshop

Skillsnet organised this workshop in cooperation with the Human Resource Development Authority (HRDA) in Cyprus and the Research Centre for Education and the Labour Market (ROA) in Maastricht University in response to the lack of information about future skill needs in Europe, which has been a long-standing concern. The need to anticipate skill and occupational needs is mentioned in the European Council's integrated guidelines for employment and is a priority in the social partners' framework of actions for the lifelong development of competencies and qualifications. Cedefop and other European organisations have been approached repeatedly with requests for information on this issue.

The feasibility workshop on European skill needs forecasting in Cyprus aimed at exploring different approaches, data availability and compatibility of classifications in individual Member States with a view to reaching agreement on:

1. the usefulness and relevance of forecasting skill needs at European level;
2. a common approach to European skill needs forecasting in terms of methods and data;
3. a possible interim solution in terms of a pilot project on macroeconomic skill or occupational forecasting; and
4. a longer-term approach, with concrete suggestions for further practical steps and the involvement of all interested European countries.

The workshop took the form of an expert brainstorming session attended by experts in forecasting occupations, skills and/or educational fields from 13 Member States (Austria, Cyprus, the Czech Republic, Estonia, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Poland and the UK) and one acceding country (Romania). A representative from the OECD and the senior advisor to the European Commission (Maria J. Rodrigues) also participated. Unfortunately, representatives from Eurostat were unable to attend, but they had prepared a background paper on Eurostat sources combining data on occupation and educational levels, and this paper was distributed to all participants.

2. Structure of the workshop

Thursday, 20 October 2005

After the welcome speech and introduction by George Oxinos, Director of HRDA, Cyprus, Cedefop's Skillsnet team presented the rationale and objectives of the workshop and the fundamental questions it was intended to tackle. Frank Cörvers from ROA, the Netherlands, then delivered the first keynote speech on classifications, data and models for European skill needs forecasting, and Rob Wilson, from the

Institute for Employment Research at the University of Warwick, delivered the second, which surveyed previous European-level forecasting exercises and addressed the feasibility of developing a Pan-European system to help identify future skill needs using currently available data and models. Both speeches were followed by a lively discussion.¹

The afternoon session was devoted to short presentations of Member States' approaches, classifications and the data used for skill needs forecasting at national level, followed by short discussions. All 14 country representatives had been asked to prepare a short paper² prior to the meeting using a questionnaire designed by Cedefop. The participants had received all the contributions in advance, which allowed the presentations of Member States' approaches to be short and informative.

At the end of the first day *Maria Joao Rodrigues* said she was very interested in this activity but there needs to be a stronger infrastructure for regular forecasting as well as an EU forecasting infrastructure, coordinated by Cedefop, which would support national initiatives.

Friday, 21 October 2005

The second day started with a summary of the main conclusions, questions and concerns arising from the first day's presentations and discussions, and the participants were invited to brainstorm on what to do next.

3. Main conclusions

- All the participants approved the launching of a European skill needs forecasting exercise. There was a clear message for Cedefop to continue with this initiative and coordinate further steps.
- The decision taken was to proceed along two main paths:
 - Short-term approach – to create a simple (initial) pan-European forecasting model which could be modified and refined later and which will use data that was available for all countries, such as the LFS data from Eurostat. However, there might be some limitations which have to be considered - for example, with the LFS data the time series for some new Member States may be too short; other countries may be too small for the data to be reliable. The E3ME macroeconomic model designed by Cambridge Econometrics can be used for macroeconomic forecasting. Data from the model are presently available for the old 15 Member States and, from spring 2006, will be available for the 10 new Member States. It has to be verified how the E3ME model works and that there is no better alternative. The participants agreed that ideally the forecast should include both the demand and the supply sides in order to reveal skill mismatches on the European labour market. However, this would require the availability of comparable data on labour supply. Therefore, it will be necessary to start with the demand side and to try to cover the supply side at a later stage. All these issues and problems have to be explored, but first the model/system needs to be developed, on the basis of available methods and data.
 - Longer-term approach – to involve all European countries in this exercise and try to harmonise or match sources used at national level. On the one hand, there are considerable differences between countries in terms of goals, user groups, classifications, data sources, modelling, forecasting periods, organisations involved, etc.; on the other hand, there are also many similarities between countries, for example some use similar - or even the same - classifications (e.g. NACE for sectors, and ISCO 88 for

¹ Both papers are available on a request and will be published in the workshop proceedings.

² All 14 country papers are available and will be published in the workshop proceedings.

occupations), and this could be a big advantage. It might also be possible to create a new core forecasting system for use by all European countries, either as a subsidiary system (in countries with more advanced forecasting methods) or as the main system (in countries where this activity has not yet been well developed).

In addition to those two approaches, thought should also be given to qualitative methods such as scenarios and to sectoral approaches.

- The participants also agreed that the creation of a pan-European skill needs forecasting system is a continuous process and will require the support and active engagement of everyone around the table.
- The results from the E3ME macroeconomic model (see above) will need to be assessed by all countries before any pan-European projections are published.
- It is necessary to reflect needs of Member States and to stress that this initiative does not affect the subsidiarity principle in any way: European skill needs forecasting will not replace existing national forecasting systems; it is voluntary exercise and should complement national forecasting.
- We need to bear in mind that this is an onerous task and so we have to inform the European Commission and national governments and seek their support so as to secure the necessary financial and human resources. Ms Rodrigues promised that in her report to the European Commission in November 2005 she would advocate support for this initiative to build an EU forecasting infrastructure.

4. Next steps

- Cedefop has to wait for the European Commission to decide whether or not to support the shorter-term initiative by approving the financial (call for tender) and human resources (coordination at Cedefop) needed for the creation of a proper European skill needs forecasting infrastructure and the design of a 'pilot' forecast.
- Establishment of a sub-network within the Skillsnet network or establishment of a working group on this initiative (regular meetings are required). Cedefop should play an important role in initiating and facilitating the activities and disseminating the outcomes. The participants should have sufficient autonomy and ownership to make them willing to participate and take the results back to their own groups/networks. This sub-network can also discuss the model to be used (E3ME or another one) and define the conditions (including financial aspects) under which countries use and test the model.
- Organisation of meetings at which researchers can speak about their plans freely, and of meetings which policymakers will attend in order to give feedback on plans, results, etc.
- Involvement of policymakers in the future (e.g. through a major conference organised by the European Commission at which initial results could be disseminated).
- In the medium- or longer-term, the forecast should be extended by other methods (e.g. scenarios) and sectoral approaches.
- All participants will be informed about the further steps.

Participants:Member States:

Peter Steiner
 Yiannis Mourouzides
 Stelios Mytides
 George Oxinos
 Martin Lepic
 Ludvik Michalicka
 Marek Lambing
 Pekka Tiainen
 Marc-Antoine Estrade
 Claude Sauvageot
 Holger Bonin
 Klaus Schoemann
 Michael Chletsos
 Ilias Livanos
 Jasmina Behan
 Roger Fox
 Gerard Hughes
 John McGrath
 Carlo Dell'Aringa
 Frank Cörvers
 Elzbieta Majchrowicz
 Robert Wilson

Austria
 Cyprus
 Cyprus
 Cyprus
 Czech Republic
 Czech Republic
 Estonia
 Finland
 France
 France
 Germany
 Germany
 Greece
 Greece
 Ireland
 Ireland
 Ireland
 Ireland
 Italy
 Netherlands
 Poland
 United Kingdom

Acceding countries:

Catalin Ghinararu

Romania

European organisations:

Olga Strietska-Ilina
 Manfred Tessaring
 Alena Zukersteinova

Cedefop
 Cedefop
 Cedefop

Other participants:

Koji Miyamoto
 Maria Joao Rodrigues

OECD
 Portugal/senior advisor to the
 European Commission