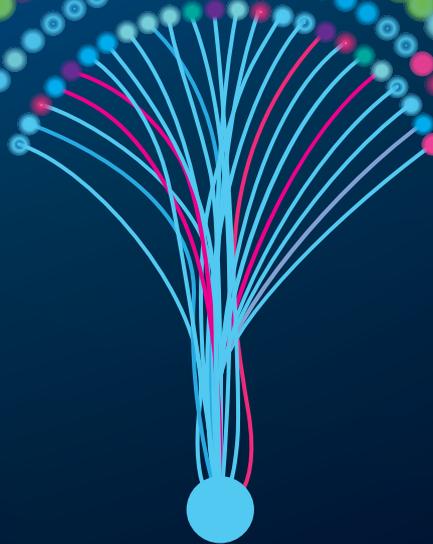




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# ALIGNING WESTERN BALKAN LABOUR MARKET POLICY DATABASES WITH THE EU GUIDELINES

# Employment and Social Affairs Platform 2 | #ESAP2

Title: Aligning Western Balkan Labour Market Policy Databases with the EU Guidelines

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Trg Bosne i Hercegovine 1/V  
71000 Sarajevo, Bosnia and Herzegovina  
rcc@rcc.int, www.rcc.int

Author: Centre for Development Evaluation and Social Science Research (CREDI)  
and Western Balkans Economic Think Tanks Network (WEBecon)

Editor: Ratka Babic

Design: Samir Dedic

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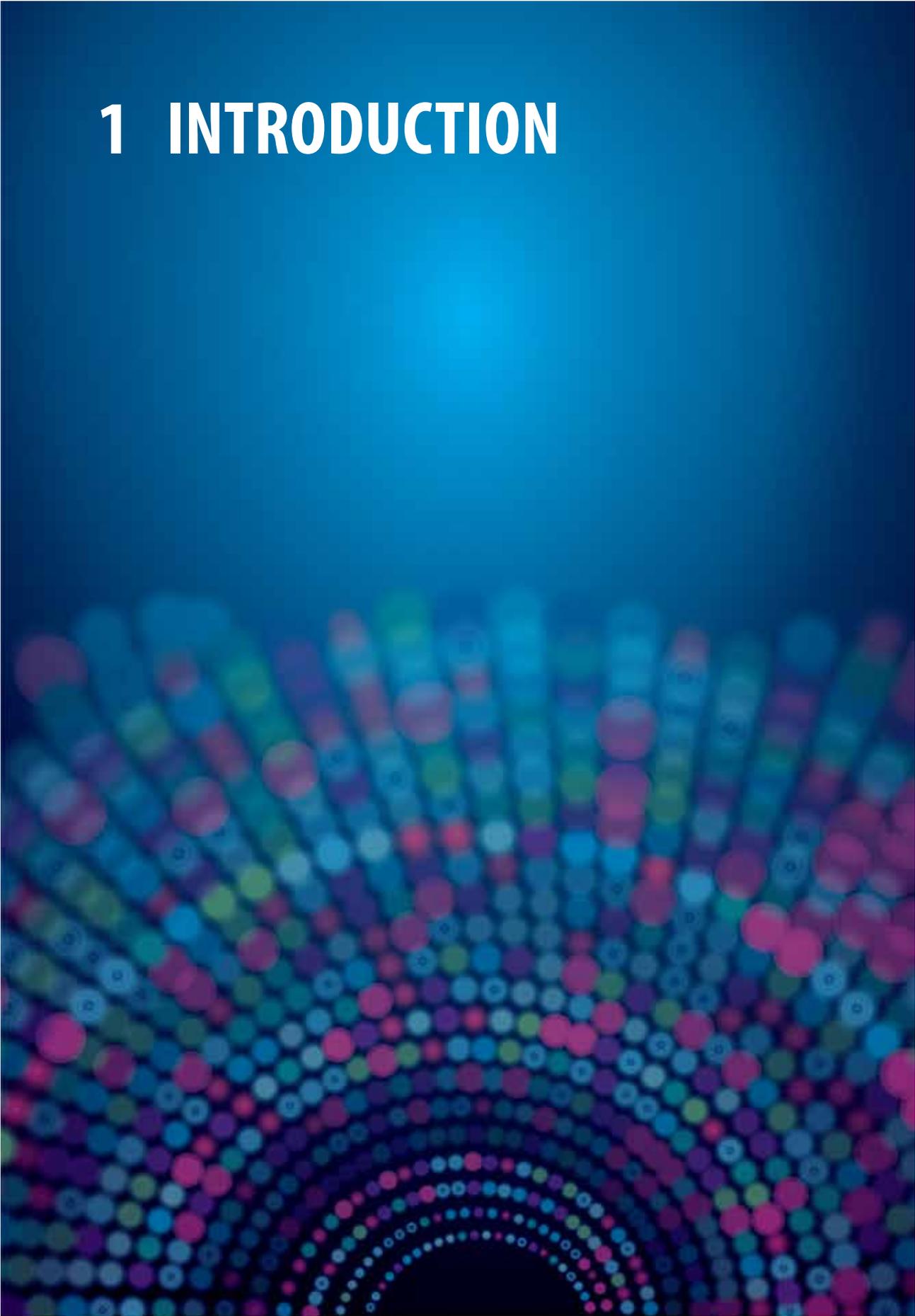
# List of acronyms

<b>CAM</b>	Counselling for and increasing motivation of the Guaranteed Minimum Assistance beneficiaries
<b>CSO</b>	Civil Society Organisation
<b>DEP</b>	Directorate for Economic Planning
<b>EAK</b>	Employment Agency of Kosovo*
<b>ESAP 2</b>	Employment and Social Affairs Platform 2
<b>GMA</b>	Guaranteed Minimum Assistance
<b>ILO</b>	International Labour Organisation
<b>INSTAT</b>	Albanian Institute of Statistics
<b>IPA</b>	Instrument for Pre-Accession Assistance
<b>IPC</b>	Professional Counselling Centres
<b>JAF</b>	Europe 2020 Joint Assessment Framework
<b>KI</b>	Key Informant
<b>KII</b>	Key Informant Interviews
<b>LABREF</b>	Labour Market Reform Database
<b>LEA</b>	Labour and Employment Agency
<b>LMP</b>	Labour market policy
<b>LSGU</b>	Local Self-Government Unit
<b>MFE</b>	Ministry of Finances and Economy of Albania
<b>MFLT</b>	Ministry of Finance, Labour, and Transfers of Kosovo*
<b>MIS</b>	Management of Information System
<b>MLSP</b>	Ministry of Labour and Social Policy of North Macedonia
<b>NAES</b>	National Agency for Employment and Skills of Albania
<b>NES</b>	National Employment Service of Serbia

<b>PES</b>	Public employment services
<b>RCC</b>	Regional Cooperation Council
<b>SME</b>	Small and medium-sized enterprises
<b>UNDP</b>	United Nations Development Programme
<b>UNOPS</b>	United Nations Office for Project Services
<b>VET</b>	Vocational Education and Training
<b>VTC</b>	Vocational Training Centre
<b>WB</b>	Western Balkans



# 1 INTRODUCTION



The Western Balkan economies face a range of challenges related to employment, including high levels of unemployment, particularly among youth and women, and low labour force participation rates. One of the distinctive characteristics of unemployment in the Western Balkans is a large share of long-term unemployment, especially in Bosnia and Herzegovina, Montenegro, and North Macedonia.<sup>1</sup> In response, governments in the region have implemented various measures to promote job creation, improve labour market outcomes, and support workers' skill development. Public employment services (PES) throughout the region are also providing services such as job placement, job search assistance, and training and education programmes for disadvantaged groups, such as the long-term unemployed, people with disability, and minorities. There are also active labour market measures that include subsidising employment for targeted groups and providing training support for the improvement of skills and employability of unemployed persons. However, the initial review conducted before implementation of the assignment that produced this report suggests that PESs are classifying implemented programmes and measures differently, and sometimes there is no clear distinction between services, measures, and support activities as labour market policies (LMP).

In the context of Western Balkan economies and given their commitment to the EU accession path, it is of the utmost importance to achieve alignment with EU guidelines of classification of LMPs and reforms and data collection to inform on their outcomes, thus supporting the evidence-based decision-making of different stakeholders at the level of economies. To address this issue, the Employment and Social Affairs Platform 2 (ESAP 2) project<sup>2</sup> has commissioned a comprehensive overview of current LMP practices accompanied with data and recommendations to help advocate for labour market and social policy reforms to improve the employment opportunities and working conditions of citizens in the region. In addition, the assignment is expected to produce a roadmap for alignment of their LMP practices with the EU guidelines in each of the economies analysed, as well as to enhance the capacities of institutional stakeholders to implement the proposed roadmaps.

The report presents results of the analysis conducted in each economy through detailed desk review, primary data collection and gap assessment with regards to the alignment with the EU guidelines. It offers a brief regional overview of current practices in the Western Balkans, as well as a comprehensive assessment of each economy's practices, accompanied by data and recommendations that will help to advocate for labour market and social policy reforms to improve the employment opportunities and working conditions of citizens in the region. The project also envisaged enhancing the capacity of institutional stakeholders to align their practices in this area with the EU. The geographic area under the assessment included the following Western Balkan economies: Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro, North Macedonia, and Serbia.

The report is structured as follows. It first presents the methodological approach implemented to achieve research objectives. The regional overview presents overall findings and research results and provides comparisons between economies. It is followed by separate sections presenting research results for each Western Balkan economy and providing roadmaps for alignment with the EU guidelines. The report is accompanied by a set of tables produced for each Western Balkan economy on the detailed mapping exercise of LMPs for 2021<sup>3</sup> and data on participants and expenditures for 2017–2021, as well as training material for regional training event and materials for study visit to be conducted.

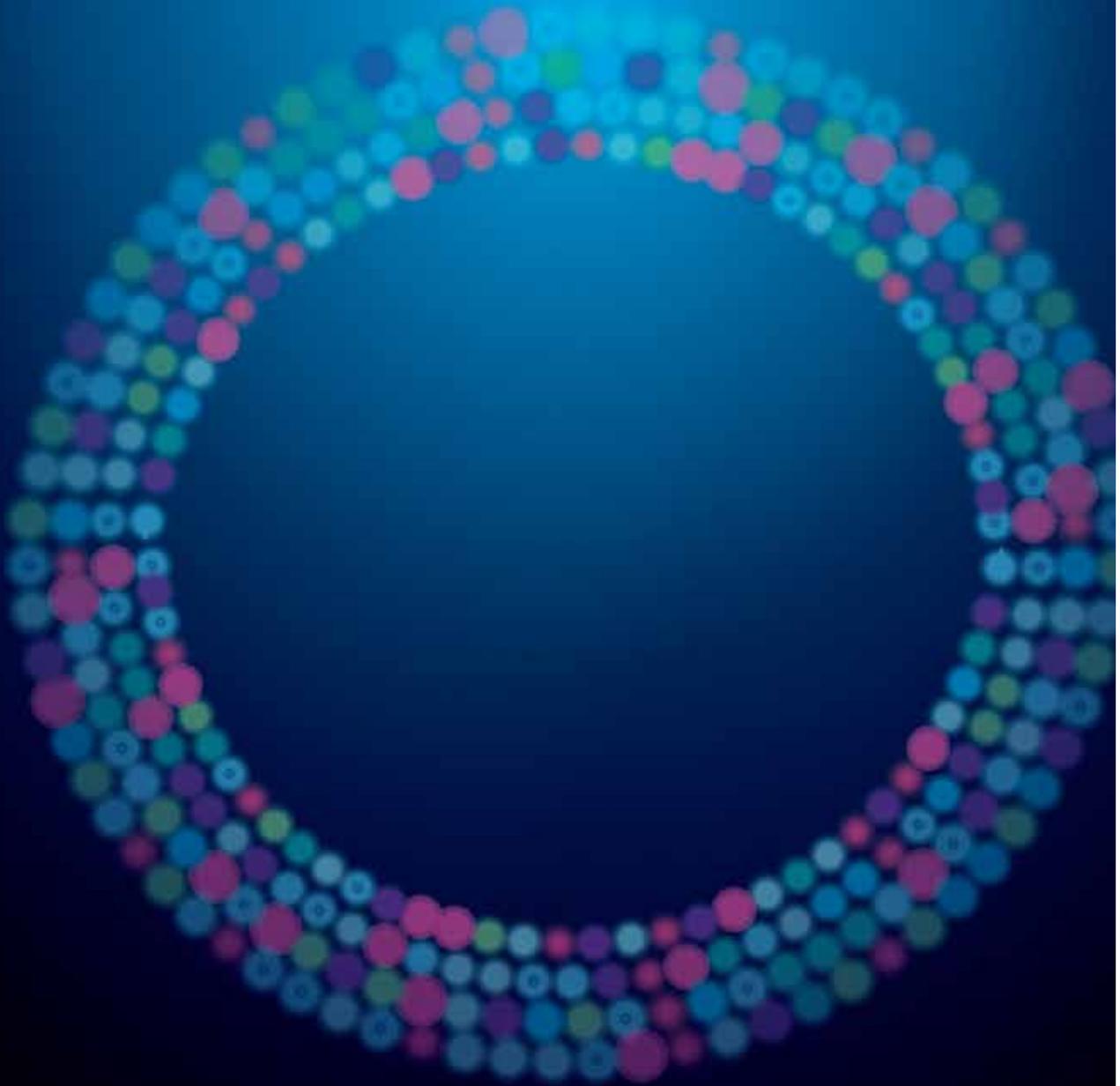
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1 <https://www.rcc.int/download/docs/Labour-Market-in-the-Western-Balkans.pdf/133ff213a0c4db81c247658192a9edc6.pdf>

2 ESAP2 is a regional project financed by the European Commission and jointly implemented by the Regional Cooperation Council (RCC) and the International Labour Organisation (ILO) in the Western Balkan economies.

3 Annual reports for relevant PES offices, ministries and institutions for 2022 were not available at the time of completion of this assignment in some economies.

## 2 METHODOLOGY



The assignment envisaged an analysis of practices in classification and data collection about participants and expenditures for LMPs implemented in the Western Balkan region, and an assessment of the gap between such practices and the EU guidelines. To achieve such an objective, a mixed-methods approach was used. It is a research method that combines and integrates qualitative and quantitative research methods. More precisely, a convergent parallel design that consists of taking qualitative and quantitative data collection and analysis, comparing or relating the two, and then interpreting them, was applied. Methodological approach combined the following methods and techniques:

**1. In-depth desk/document review** of the legislative context for each WB economy regarding labour market policies and reform measures, annual reports of PES in the WB economies, employment agencies, and relevant ministries. During the review, the policies implemented in the WB economies were classified according to the EU Methodology on Labour Market Policy Statistics<sup>4</sup>. Three main categories were covered: services, measures and support, as they are defined within the above-mentioned EU methodology. Detailed classification of policies is provided in Annex 1, while the overview of methodology is provided in the next section. The review also consulted the Labour Market Reform (LABREF) Database<sup>5</sup>, managed by European Commission DG Employment and the Employment Committee in areas of Unemployment benefits (Area 2) and Active Labour Market Policies (Area 4), which are in the focus of this assignment. Additionally, the review produced an overview of LMPs implemented in the region in 2021<sup>6</sup>, which are presented in a format of the EU guidelines, covering the following qualitative data and LMP questionnaire items:<sup>7</sup>

- a) Intervention name
- b) Description
- c) Type of action
- d) Type of expenditure
- e) Operational target groups
- f) Detailed target groups
- g) Unemployment registration
- h) Receipt of benefits
- i) Planned duration
- j) Area of application
- k) Source of finance
- l) Responsible institution
- m) Implementation of intervention

////////////////////////////////////

4 <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8126&furtherPubs=yes>

5 <https://ec.europa.eu/social/main.jsp?catId=1143&intPagelId=3193&langId=en/en/index.html>

6 Changes in implementation of LMPs after 2021 were identified during the Key Informant Interviews, and relevant information was provided in the report.

7 Tables with detailed mapping of LMPs in 2021 were submitted to the ESAP 2 project along with the report.

- 2. Secondary data collection and analysis** of available data on implemented labour market policies in each WB economy. The outcomes of the abovementioned labour market programmes, mainly implemented by PES, are in most cases presented in the PES annual reports. The reports include data on the number of participants in different services, measures, and support activities implemented during a previous year, as well as the overall spending. However, the data about participants are rarely disaggregated by gender, age and duration of unemployment. Data on general outcomes of PES activities and relevant indicators (such as the number of registered unemployed and persons deleted from their registers) that are being monitored are made publicly available in PES statistical bulletins. In cases where publicly available data were missing, they were requested from relevant stakeholders. If the data were collected by relevant institutions, but due to the timeline of the research were not submitted to the research team, an appropriate reference to such a situation was added in the mapping exercise. After the LMPs were classified following the approach described in the previous paragraph explaining the desk review stage, the team used Excel sheets and applied the approach used in the EC Labour Market Policies Database<sup>8</sup> and the EC report on LM policy<sup>9</sup> to collect the data for the period 2017-2021. Annual reports for relevant PES offices, ministries and institutions for 2022 were not available at the time of completion of this assignment in some economies. Consequently, the mapping was conducted using the available reports for 2021.
- 3. Key Informant Interviews (KIIs)** were conducted with relevant stakeholders who were mapped, including ministries in charge of labour and social policies and representatives of PES offices. The full list of interviews conducted is provided in Annex 2. Interviews were used to collect information on possible obstacles that stakeholders may have in collecting and presenting data according to EU guidelines, assess the training needs and tailor training materials and capacity-building events to address such needs. Also, the meetings were used to discuss study visits to the EU Member State that are expected to support capacity-building efforts towards peer networking for future mutual exchanges. The interviews were conducted either online or face-to-face. After the interviews were completed, they were analysed using a summary of the meeting conclusions in the format presented in Annex 3. The protocol for interviews was adjusted to reflect the mandates of specific KIIs as well as to explain the gap assessed during the desk review and secondary data collection in each WB economy.

Based on the desk research and data collection in the format explained, the team assessed the gap between the practices in LMP statistics and guidelines used in the EU. The information collected through three different methods was triangulated to inform the conclusions and recommendations that are presented throughout the report. The report is accompanied by Excel sheets containing data collected on the policies and their classification, as well as quantitative data on expenditures and participants for the period 2017–2021. In addition, data collected through KIIs were summarised and submitted along with the report. As part of the project, the research team developed training materials based on the findings of the research and information collected during the KIIs. The material was submitted as a separate document to the RCC ESAP 2 project. In the same manner, assistance in developing technical aspects of a study visit to an EU Member State, which is envisaged as a support for further capacity-building efforts towards peer networking for future mutual exchanges, was provided.

8 [https://webgate.ec.europa.eu/empl/redisstat/databrowser/explore/all/lmp?lang=en&subtheme=lmp\\_particip&display=card&sort=category](https://webgate.ec.europa.eu/empl/redisstat/databrowser/explore/all/lmp?lang=en&subtheme=lmp_particip&display=card&sort=category)

9 [https://ec.europa.eu/social/main.jsp?pager.offset=0&advSearchKey=Expenditure+and+participants&mode=advancedSubmit&catId=1307&doc\\_submit=&policyArea=0&policyAreaSub=0&country=0&year=0#navItem-latestDocuments](https://ec.europa.eu/social/main.jsp?pager.offset=0&advSearchKey=Expenditure+and+participants&mode=advancedSubmit&catId=1307&doc_submit=&policyArea=0&policyAreaSub=0&country=0&year=0#navItem-latestDocuments)

## 2.1 Summary overview of the EU Methodology on Labour Market Policy Statistics

This section provides an overview of the methodology for labour market policy statistics, which will be further referenced to assess the gap in the practices used in the Western Balkan economies compared with the EU. Statistics on the labour market are one of the data sources used by the Europe 2020 Joint Assessment Framework (JAF) to monitor the EU Employment Guidelines. The European Commission, Employment Committee, and Social Protection Committee created and use JAF, which is an indicator-based assessment system.

LMP data encompasses labour market interventions which are government initiatives to improve the functioning of the labour market and address inequities. LMP interventions differ from other general employment policy interventions in that they favour certain groups in the labour market by acting selectively. Recognised target populations include the unemployed, at-risk employees, and inactive people. In majority of EU member states, the main target groups are individuals who are either actively employed but at risk of involuntary job loss due to challenging economic conditions for their employer or those who are recognised as jobless by Public Employment Services (PES).

Three major groups of LMPs are recognised and include the following definitions:

- ⊙ Services refer to labour market interventions where the main activity of participants is job-search-related and where participation usually does not result in a change in labour market status. This category covers client services, such as information services and individual case management, and other PES activities, such as administration of LMP measures and services.
- ⊙ Measures refer to labour market interventions where the main activity of participants is other than job-search-related and where participation usually results in a change in labour market status or aims to change the status. Subcategories included in this group are training, employment incentives, sheltered and supported employment and rehabilitation, direct job creation, and start-up incentives.
- ⊙ Supports refer to interventions that provide financial assistance, directly or indirectly, to individuals for labour market reasons or that compensate individuals for disadvantage caused by labour market circumstances. Two subcategories are included: out-of-work income maintenance and support, and early retirement schemes.

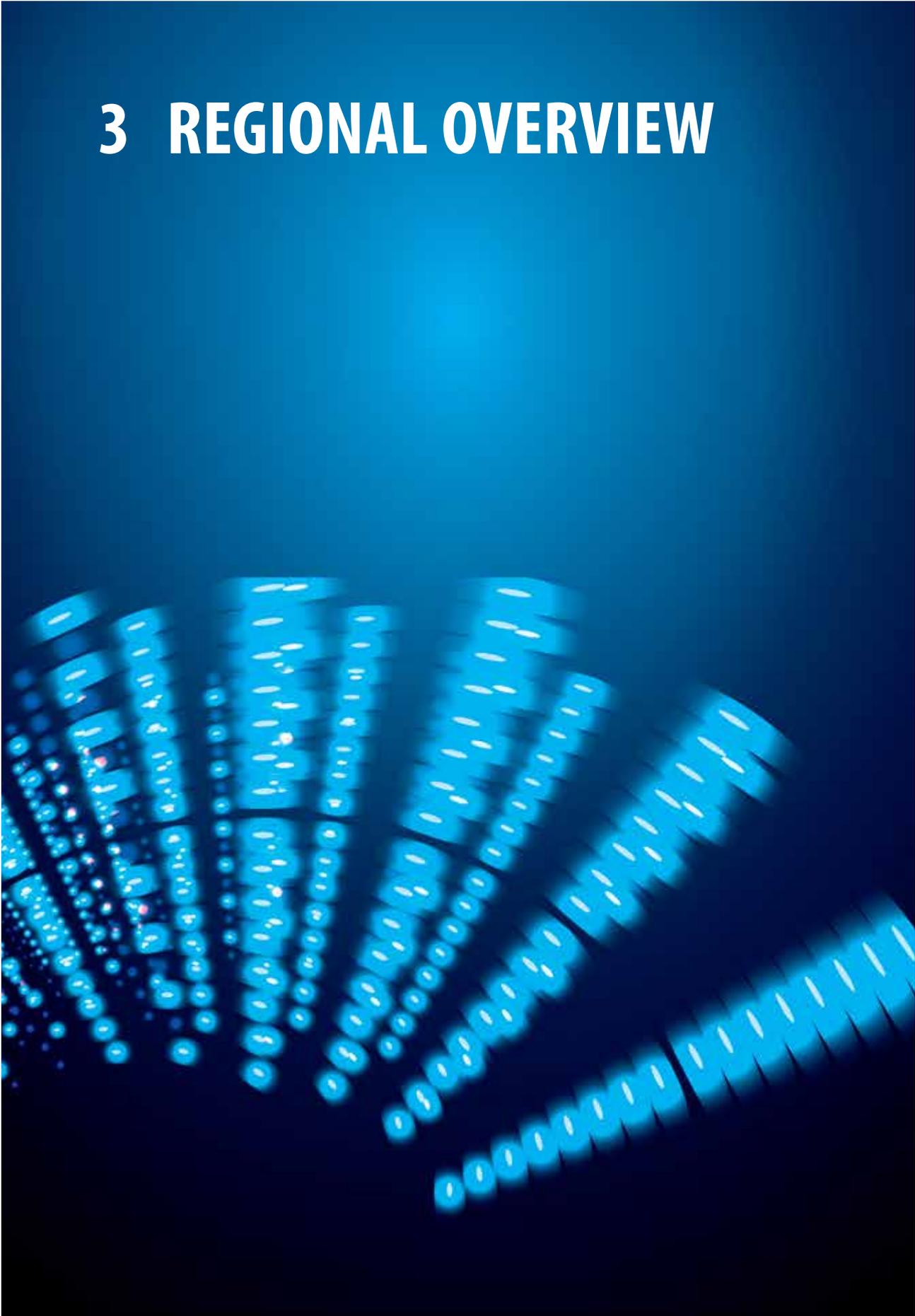
The methodology envisaged that mixed-interventions have to be described separately and monitoring is performed for each part separately for both participants and expenditures.

Reporting and monitoring data on participants is performed by tracing their stock at the given date, number and source of entrants, as well as number and destination of exits from the measure. All data on participants are disaggregated based on gender, age group (>25, 25-54, 55+) and unemployment duration

(<6 months, 6-12 months, >=12 months). This breakdown by duration is further applied to four groups by sex/age: Total (men and women all ages), Total <25 (men and women aged <25), Women (all ages) and Women <25.

The LMP database also collects data on public expenditure associated with each intervention. Total costs are reported for each intervention, including the whole of transfers and foregone revenue provided to the direct recipients as a result of the intervention, as well as indirect costs that are considered part of the administration costs of an intervention if they are incurred by PES. Costs should be reported separately in the relevant category (for administration of LMP services in sub-category 1.1.1, for administration of LMP measures in sub-category 1.2.1 and for administration of LMP supports: sub-category 1.2.2). Expenditures are recorded in domestic currency units. Each expenditure should be reported at least under one of the following categories: Transfers to individuals, Transfers to employers, Transfers to service providers and Not specified. First two categories are further disaggregated to: Periodic cash payments, Lump-sum payments, Reimbursements, Social contributions and Taxes.

# 3 REGIONAL OVERVIEW



All Western Balkan (WB) economies are facing significant labour market challenges, such as high unemployment rates, particularly among women and young people, and low labour force participation rates. One of the distinctive characteristics of unemployment in the Western Balkans is a large share of long-term unemployment, especially in Bosnia and Herzegovina, Montenegro, and North Macedonia.<sup>10</sup> The characteristics of unemployment in the Western Balkan economies can vary to some extent across economies, but there are certain common features that can be observed. The Western Balkan economies have traditionally faced relatively high levels of unemployment compared to EU-27. The latest available data show that average unemployment rate for 15-64 age group in 2021 was 15.9% in WB region while the average in EU-27 was 7%<sup>11</sup>. While there have been improvements over the years, unemployment rates remain elevated, particularly among young people (33.9% in WB region for 2021 compared to 16.6% in EU-27)<sup>12</sup>. Youth unemployment rates in the Western Balkans tend to be disproportionately high<sup>13</sup>. Young people often face difficulties in accessing quality education and training programmes, and they may lack the necessary skills and work experience demanded by employers. This leads to a higher unemployment rate among the youth population compared to the overall unemployment rate.

Another significant issue in the region is structural unemployment. It refers to a mismatch between the skills and qualifications of the labour force and the requirements of available jobs.<sup>14</sup> Many Western Balkan economies experienced economic transitions and reforms in the post-communist era, leading to changes in industries and job markets. As a result, some workers have struggled to adapt to new job requirements, leading to persistent structural unemployment. Long-term unemployment is another characteristic of the labour market in the WB region (18.3% on average in WB economies in 2021 compared to 2.8% in EU-27)<sup>15</sup>. Many individuals struggle to find employment for an extended period, leading to skills deterioration, loss of motivation and social exclusion.

Rates of informal employment are also particularly high in the Western Balkan economies.<sup>16</sup> Many individuals work in unregistered or informal sectors, often due to limited formal job opportunities. Informal employment typically lacks social security coverage, legal protections, and stable income, which can exacerbate poverty and economic inequality. Gender disparities exist in the labour market of Western Balkan economies. Women often face challenges in accessing employment opportunities and experience higher unemployment rates compared to men. Traditional gender roles, cultural factors, and limited access to education and training programmes contribute to these disparities.<sup>17</sup> Consequently, the region has experienced significant emigration of highly educated and skilled individuals, commonly referred to as “brain-drain”<sup>18</sup>. Many young professionals seek better job prospects and higher salaries abroad, which further contributes to the unemployment challenges and hampers development of domestic industries.

It is important to note that while these characteristics provide a general overview, each economy within the Western Balkans may have its own unique factors and specific dynamics affecting its labour market and unemployment situation. Governments in the region have responded by implementing a variety of

10 <https://www.rcc.int/download/docs/Labour-Market-in-the-Western-Balkans.pdf/133ff213a0c4db81c247658192a9edc6.pdf>

11 <https://www.esap.online/observatory/home#annually-indicators/>

12 <https://www.esap.online/observatory/home#annually-indicators/>

13 <https://www.esap.online/download/docs/Study-on-Youth-Employment-in-the%20Western-Balkans-08072021.pdf/4c2a7e046d5943426a4ed20ebdb7ba29.pdf>

14 <https://connecting-youth.org/publications/publikim38.pdf>

15 [https://www.esap.online/social\\_scoreboard/indicators.htm#7](https://www.esap.online/social_scoreboard/indicators.htm#7)

16 [https://www.rcc.int/download/pubs/Employment%20report\\_web.pdf/bd4ac07658b29ab7f7899680cbe90107.pdf](https://www.rcc.int/download/pubs/Employment%20report_web.pdf/bd4ac07658b29ab7f7899680cbe90107.pdf)

17 <https://www.esap.online/docs/188/rcc-esap-2-regional-comparative-report-on-womens-employment-in-western-balkans>

18 <https://www.oecd.org/south-east-europe/programme/Labour-Migration-report.pdf>

labour market policies to encourage job creation, enhance labour market outcomes, and contribute to the skills development of workers. Employment assistance is offered by public employment services and employment agencies in the form of information, counselling, and a variety of passive and active labour market actions. Development of small and medium-sized enterprises (SMEs) and encouragement of people to launch their own businesses are both goals of numerous regional governments' programmes and policies. These initiatives seek to eliminate unemployment and provide job opportunities, especially for women and young people. For vulnerable populations including the long-term unemployed, individuals with disability, and minorities, public employment services (PES) throughout the region also offer services like job placement, job search support, and training and education programmes. There are also active labour market measures that include subsidising employment for targeted groups and providing training support for the improvement of skills and employability of unemployed persons.

The above-mentioned interventions are mainly implemented by PESs and financed from the public funds based on contributions for unemployment. In all economies, some policies are also implemented by local governmental units in cooperation with PES offices as well as in coordination with different ministries and institutions within the economy. Research results presented in the separate chapters per economy below showed that in addition to government budgets, LMPs are also financed to a lesser extent by international organisations present in these economies, such as the World Bank, Swiss Agency for Development and Cooperation, UNDP, UNOPS, and similar. In all of these examples of LMPs, although they are financed from different sources, PESs are involved in their implementation. In all economies, PESs are implementing all three broad categories of interventions recognised in the EU LMP statistics guidelines, including services, measures, and supports. The most developed, with the variety of interventions and targeting different groups at the labour markets, are those from the category of measures, which are in the language of PESs in the WB called active labour market policies. The other two categories are less developed and are considered passive measures or regular activities of PES offices.

All Western Balkan economies are committed to the EU accession process; some of them have already opened negotiations and started aligning their policies accordingly. The pace of progress is different, and various priorities are set by governments in respective economies. One of the segments in which economies are aligning or have to align their practices is related to official statistics and reporting to Eurostat. This may include statistics on participants and expenditures for labour market policies, according to the methodology used by Eurostat. The assessment made within this assignment is intended to compare practices used by institutions in all WB economies in the classification of interventions and data on participants and expenditures collected and disseminated, comparing it to the Eurostat methodology on LMP statistics from 2018.

Gaps in the classification of LMPs are different in the analysed economies. Research results, which are presented in detail in separate chapters, reveal that there is no economy within the region that already follows the Eurostat methodology when classifying its interventions in publicly available documents such as annual reports or work plans. There are also differences in terms of levels used in the classification of interventions within economies. In most of them, two major categories are recognised, such as active labour market measures (ALMPs) and the realisation of unemployment benefits. These are examples from Kosovo\* and Serbia, with the difference that in Kosovo\* these benefits are called social assistance programmes. In addition to these two broad groups, it can be noted that some disaggregation of interventions in subcategories exists in Serbia, but it does not follow Eurostat methodology. Two different categories of interventions are also represented in North Macedonia, where we can distinguish between interventions in the 'direct job creation' category and 'care economy' category. There is only one broad group of interventions in publicly available documents in Albania, and the group is named 'Employment Promotion Programmes' (EPP). The only exception is made for labour market services, which include 'information services for job vacancies'

and ‘orientation services for vocational training’. Further classification of interventions into subcategories is, to some extent, present in practices used in Bosnia and Herzegovina as well as in Montenegro. For example, in Montenegro, in the broad category of active labour market measures, four different subcategories can be distinguished: education and training of adults; incentives for employment; direct opening of jobs; and incentives for entrepreneurship. Similar to Montenegro, the practices of PESs in Bosnia and Herzegovina make some distinction between employment subsidies and training support in the category of measures.

The most significant gap between EU guidelines and current LMP classification practices in all economies of the Western Balkans is present in mixed interventions, designed to include characteristics of different subcategories of interventions. For example, there are policies including employment incentives for employers to conclude employment agreements with unemployed persons from PESs’ records, as well as to train unemployed persons during the subsidised period. There are examples of economies classifying such mixed interventions as employment incentives, while some others classify them as training measures. These examples can be found in Bosnia and Herzegovina, as well as in Montenegro. One of the possible reasons behind differences in classification used by economies throughout the region, which was also highlighted during KIIs with relevant stakeholders, is a lack of knowledge and guidance on how to apply Eurostat methodology. Another possible reason is that no formal requests have been issued by the governments to start aligning their practices. However, all representatives of stakeholders consulted during the research agreed that aligning their classification with Eurostat methodology and reporting it even without formal requests issued by competent authorities would be beneficial for improved monitoring of the implementation of LMPs as well as for comparison within the region.

Publicly available data on participants in interventions can be found in all economies, but the level of disaggregation differs. From the published data for the majority of interventions, the data are at least disaggregated by gender, except in Albania where only total number of participants disaggregated by gender is available. When it comes to the age of participants in interventions, publicly available data are in a different format compared to those used by Eurostat. Either different age groups are used as in Bosnia and Herzegovina in Republika Srpska, Montenegro and Serbia or only one age group is used for interventions targeting a specific group (for example, young people up to 29 years old) as in North Macedonia. Data on participants age is available internally in the EAK in Kosovo\*. The KIIs explained that data on participants’ ages is collected and can be reported differently, but in most of them, this requires manual calculations using microdata. In terms of the duration of unemployment, it is rarely publicly reported by PESs, and when it is reported, it is used for specific interventions, such as, for example, interventions targeting long-term unemployed people in Serbia. Data obtained during KIIs revealed that PESs are tracing the unemployment duration of all participants within their internal records, but again, aligning their reporting with Eurostat in most cases requires manual calculations using microdata and sometimes even different information systems within the institutions (examples can be found in all three PESs in Bosnia and Herzegovina). Presenting data in the same fashion as Eurostat which requires cross-tabulation of variables such as gender, age, and duration of unemployment is even a bigger challenge for PES offices in the region. In most cases, data is scattered in different reporting units, applications, and databases, and manual calculations would be needed to extract the data in the required format. Only KIIs from Serbia explained that rich datasets are available in NES records and that reporting would not pose a big challenge once it is formally requested. On the other side, publicly available data on the destinations of participants after their participation is almost non-existent. Some economies, such as, for example, North Macedonia and Serbia, have internal records, but these are not aligned with EU guidelines. Some obstacles to the possibility of tracing participants after completion of the programme are assessed in Bosnia and Herzegovina, Kosovo\* and Montenegro, particularly for those who do not return to the unemployment register.

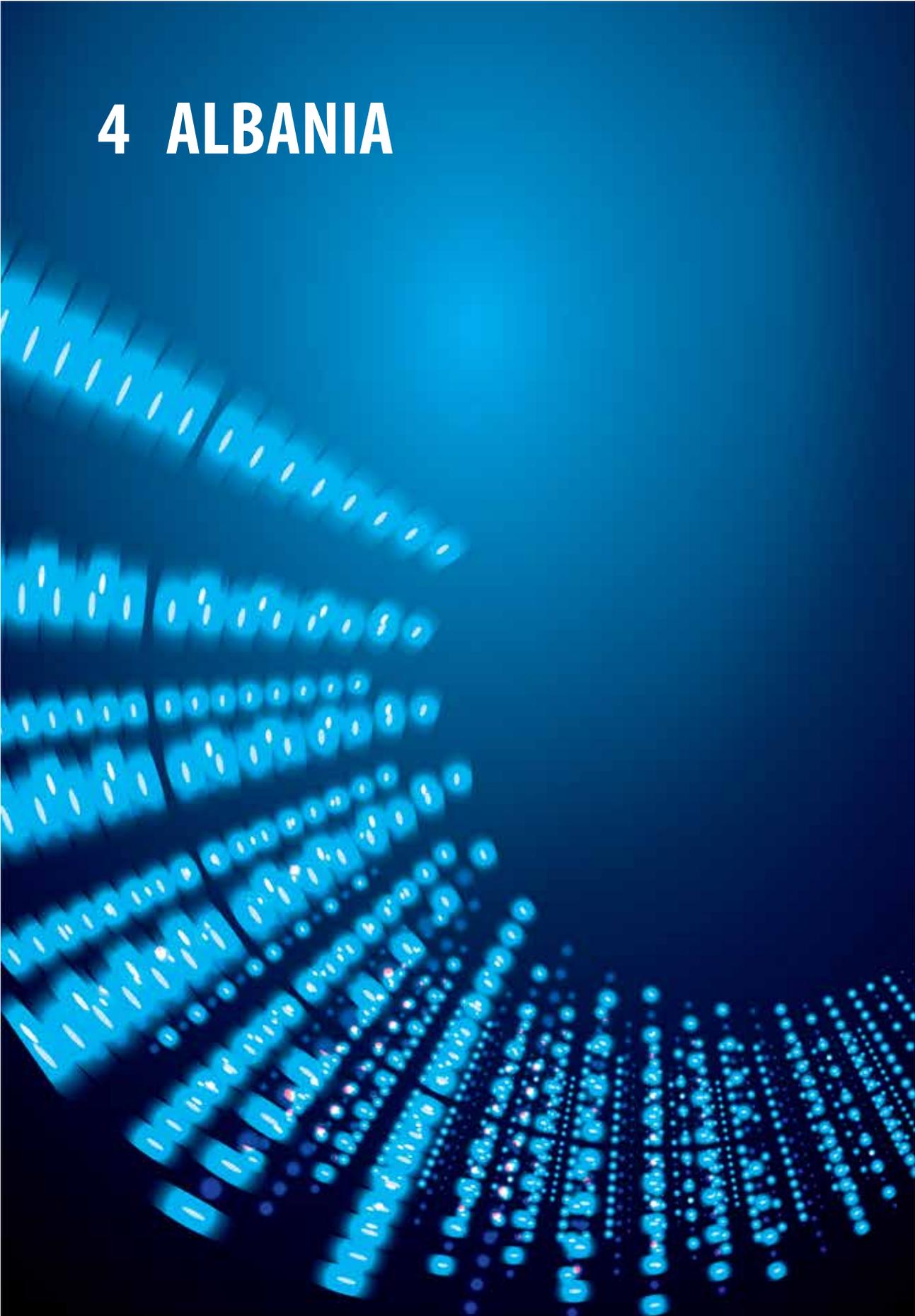
The availability as well as richness of data on expenditures for LMPs in the region can be assessed as low. All economies are publishing data on the total PES expenditures in terms of the total budgets of these institutions. Data on expenditures for active labour market measures are also publicly available in all economies, except in Kosovo\*. There is no systematic reporting on expenditures, neither per type of expenditure nor per recipient of those expenditures, as reported in Eurostat. Some data can be found within internal records, but those are not aligned with Eurostat methodology. All the representatives of PES offices consulted agreed that there are two main obstacles that need to be overcome to align their practices with Eurostat. The first one is related to a lack of guidance on how to allocate administrative costs to specific interventions since PES staff is involved in supporting different interventions within their worktime and there are no mechanisms for tracking time spent per intervention. The second obstacle is related to the interventions implemented in cooperation with other institutions, where lump-sum amounts are transferred to those providers without the requirement to report expenditures.

For the alignment of practices in the LMP statistics of PES offices in the region with those implemented in the EU, several obstacles can be noticed. The first one is related to the number of employees in these offices as well as their overall capacities. The research results confirmed that all PES offices are understaffed, and imposing an additional reporting obligation would represent a significant challenge. Although reporting frequency is low, collecting data in the Eurostat-requested format has to be done throughout the year. In almost all economies, this would require either setting up a new information system for monitoring data on participants and expenditures or reprogramming existing IT solutions to aggregate data in the required format. Only KIs from Serbia confirmed that there is a rich database from which data could be extracted, but again, time and an appropriate number of employees should be planned to complete the task. There is also a lack of understanding and guidance in applying Eurostat methodology. Therefore, capacity-building activities in all PESs in the region should be organised. This is particularly needed to understand the overall methodology related to the classification of LMPs according to Eurostat guidelines as well as specific questions such as the allocation of expenditures to different LMPs implemented within the economy.

The assessment completed in each economy in the region revealed that different baseline situations could be observed. Therefore, roadmaps for alignment of practices with EU guidelines are developed for each economy considering the results of this assessment. Although the road to alignment is to some extent different in each economy, in all of them it is required to work on enhancing the capacities of PES offices to understand the LMP statistics methodology used in the EU and therefore be able to communicate their request towards competent authorities or support mechanisms (for example, a request for technical assistance or involvement with the IPA granting scheme).

Despite the abovementioned efforts made to address issues in the labour market, previous research suggests that the Western Balkan economies still face significant challenges related to employment and labour market outcomes. Overall, labour measures play an important role in addressing the employment challenges facing the region. By promoting job creation, improving skills and employability, and supporting disadvantaged groups, these measures can help to create more inclusive and sustainable labour markets in the region. In the described context of Western Balkan economies and given their commitment to the EU accession, it is of the utmost importance to achieve alignment with the EU guidelines of classification of labour market policies (LMPs) and reforms, and data collection to inform on their outcomes and support the evidence-based decision-making of different stakeholders at the level of economies. It is worth highlighting that all KIs consulted agreed that alignment is needed, and the roadmaps developed within this assignment are intended to help initiate the process.

# 4 ALBANIA



## 4.1 Mandates for labour market policies

The competences for steering the labour market policies (LMPs) in Albania at the ministerial level are under the responsibility of the Ministry of Finances and Economy (MFE). From a strategic perspective, LMPs are directed by the Directorate of Employment Policies and Professional Training, part of MFE.

The document that drives LMPs from a strategic perspective is the Strategy for Employment and Skills 2019–2022. This is the key document that addresses LMPs in relation to the coverage of this project. This document was prepared with technical support of the Development of Skills for Employment project with the Swiss Development Cooperation, and was implemented by United Nations Development Programme (UNDP)<sup>19</sup>. The vision of this strategy is inspired by the general objective of Europe 2020 for achievement of rapid, sustainable and comprehensive growth. Its objective was, by 2020, to achieve a competitive economy and an inclusive society that relies on “higher skills and better jobs for all, women and men”. The overall aim of the strategy was to promote quality jobs and skills opportunities for everyone, women and men, throughout the life cycle. This goal was to be achieved by coherent and coordinated political activities, which would simultaneously respond to the request and job offer, as well as lead to the removal of gaps in social inclusion. The Strategy for Employment and Skills 2019–2022 focuses on the following four strategic priorities: (i) promoting opportunities for decent work through effective market policies; (ii) providing quality vocational education and training for youth and adults; (iii) promoting social inclusion and territorial cohesion; (iv) strengthening labour market governance and qualification systems.

The translation into practical policies and their implementation is delegated to the Agency for Employment and Skills (NAES), the Albanian institution responsible for offering public employment services (PES). The objectives of NAES are defined by the Strategy for Employment and Skills 2019–2022, where respectively the institution engages in the fulfilment of the above mentioned main priorities. NAES represents the main institution that implements and administers employment promotion programmes including active labour market policies.

NAES is a public service, legal and budgetary entity, under the responsibility of the Ministry of Finances and Economy (MFE) with headquarters in Tirana and is responsible for employment and skills development. NAES is the cluster of administrative institutions and providers of employment, self-employment, education, and professional training services, which are an integral part of the system of the ministry responsible for employment and skills development. It operates through Regional and Local Employment Offices, Regional Public Vocational Training Directorates as well as Public Vocational Education Schools.

From a legal perspective, NAES was created and exercises administrative activity from 2019 based on Law No. 15/2019 on Promotion of Employment Law No. 15/2017 on Education and Vocational Training in Albania, as well as the Decision of the Council of Ministers VKM No. 554, dated 31.07.2019 on the Creation, Method of Organisation and Operation of Employment and Skills Agency. NAES is a public institution, which exercises its activity in accordance with: (i) Law No. 15/2019 on Encouraging Employment; (ii) Law No. 152/2013 On Civil Servants; (iii) Law No. 7961, dated 12.07.1995 on Labour Code, amended; (iv) VKM No. 554, dated 31.7.2019 “On the creation, method of organisation and operation of the Employment and Skills Agency”; (v) Prime Minister’s Order No. 172 dated 24.12.2019 “For the approval of the structure and organisation of the Employment and Skills Agency”.

<sup>19</sup> [https://financa.gov.al/wp-content/uploads/2020/10/Publikim\\_AL\\_Strategjia-Komb%C3%ABtare-p%C3%ABr-Pun%C3%ABsim-dhe-Aft%C3%ABsi-2019-2022.pdf](https://financa.gov.al/wp-content/uploads/2020/10/Publikim_AL_Strategjia-Komb%C3%ABtare-p%C3%ABr-Pun%C3%ABsim-dhe-Aft%C3%ABsi-2019-2022.pdf)

The mission of NAES is to ensure fulfilment of the rights envisaged by public employment services and programmes, self-employment and professional qualifications, in order to find a suitable job, inside and outside the economy, as well as the provision of these services. These rights cover (i) Albanian citizens, (ii) foreigners, and (iii) persons without foreign citizenship who have obtained the status of a refugee as well as an asylum seeker on the territory of Albania.

At the institutional level, NAES has the functional responsibilities such as: (i) to guarantee the level of quality of services offered for employment, self-employment and education and professional training, through monitoring and evaluation; (ii) to organise the work for administration and implementation of active and passive programmes for the labour market; (iii) to organise the work for administration of public providers of vocational education and training (VET) in accordance with valid legislation on education and professional training in Albania; (iv) to organise the work for management, follow-up and control of the regional directorates, of local offices and public providers of professional education; (v) ensure that functions related to planning, implementation, accounting and financial reporting for regional directorates, local offices and public education providers and professional training, are carried out in accordance with the legislation in force.

The organisation scheme of NAES is comprised of the Central Directorate, 12 Regional Employment Directors, 40 Local Employment Offices, 10 Regional Directors of Public Vocational Training, and 34 Vocational Schools. The total NAES budget for 2021 was ALL 2,428,600,000 (EUR 22,792,062.05).

## 4.2 Types of interventions

According to 2018 Eurostat Methodology (see section 2.1), interventions are provided by the public employment office, which for the case of Albania, is the Agency for Employment and Skills<sup>20</sup>. Those who benefit from such interventions are identifiable members of one or more target groups and for these services, NAES incurs expenditures that are financed from public funds. The regional offices are the main providers of these interventions. Employers or service providers are frequently the direct recipients of public funds, but participants—who must always belong to an LMP target group—are the ones who will ultimately benefit from the implemented measures.

All three types of LMP interventions are offered by NAES, with the most common interventions being measures such as ‘employment incentives’ and ‘training’. In the reporting language of NAES these interventions are generally referred to as ‘employment promotion programmes’<sup>21</sup>, majority of which were approved in 2020 and are still ongoing.

### 4.2.1 Services

Labour market services (category 1) are all services and activities undertaken by NAES together with services provided by other public agencies or any other bodies contracted under public finance such as Inspectorate of Labour and Agency for Social Securities, which facilitate the integration of the unemployed

20 <https://akpa.gov.al/>

21 Programet e Nxitjes se Punesimit - PNP

and other jobseekers in the labour market or which assist employers in recruiting staff. Based on the Internal Functional and Organisational Regulation of NAES, 2021, Law no. 15/2019 on promoting employment, Law no. 15/2017 on vocational education in Albania, Council of Ministers Decree no. 554, dated 31.07.2019. on the creation, organisation and operation of the Agency for Employment and Skills, three types of services are offered by the public employment offices of NAES:

- ⊙ **Mediation services:** mediation services for unemployed jobseekers - These services provide information support for unemployed jobseekers and employers in terms of labour market matching. The main support here is the hiring of unemployed jobseekers, with priority being given to vulnerable groups.
- ⊙ **Information services for job vacancies:** announcement of job vacancies - helping employers to advertise their job vacancies. The increase of the number of employers that advertise through NAES and the total number of job vacancies advertised is the final scope of this service, with priority being given to vulnerable groups.
- ⊙ **Orientation services for vocational training:** orientation of unemployed jobseekers towards vocational training. Identification of needs for skilling and re-skilling of unemployed jobseekers on one-by-one basis. This includes orientation and tailoring training according to their needs, with priority being given to vulnerable groups.

All three types of interventions classify as 'client services' (category 1.1) and are provided by NAES offices at the regional level, which facilitate the integration of unemployed and other jobseekers in the labour market or assist employers in recruiting and selecting staff. Client services cover all services provided for the direct benefit of individuals and/or employers, including the provision of self-service facilities such as on-line job-banks.

The first two (mediation services and information services for job vacancies) classify as information services (category 1.1.1) as they offer open services for jobseekers providing ad hoc information and referral to opportunities for work, training and other forms of assistance, together with job brokerage services for employers. The last one (orientation services for vocational training) classifies as an 'individual case-management service' (category 1.1.2) as it offers individualised assistance (e.g. intensive counselling and guidance, job-search assistance) and follow-up for unemployed persons provided as part of a planned path towards durable (re-)employment. Financial assistance for the unemployed in case of travel to interview costs, other job-search related costs, and similar cases are included here.

Intensive counselling and guidance services reported in sub-category 1.1.2 can be distinguished from more general counselling and guidance services reported in sub-category 1.1.1 on the basis that they actively engage participants in planning a tailored path towards durable (re-)employment, following that plan, adjusting it as needed and developing skills associated with job-search, applications and interviews.

## 4.2.2 Measures

### *Training (category 2)*

LMP measures offered by NAES that include 'training' (category 2) cover measures that aim to improve the employability of LMP target groups through training, and are financed by public bodies. NAES offers three LMP measures in the category of 'training'.

The first intervention in the training category includes the 'training through work' programme based on the Council of Ministers Decree no. 17, point 1b, (Programme 2, Training through work). The programme provides a subsidy for 4 months for all professions. The aim of this LMP measure is to provide: (i) workplace training of jobseekers according to the needs of the job profile required by jobseekers and adapted to the needs of the employer; (ii) an individual training plan, drawn up by the employer and approved by the relevant structures of the regional NAES; and (iii) at least one trainer for each group of beneficiaries appointed by every employer.

The second intervention in the training category includes 'professional internship programme' based on the Council of Ministers Decree no. 17, point 1c, (Programme 3, Professional internship). This LMP measure aims to guarantee rapid transition in the labour market by offering a 6-month internship in the same or similar field to the one in which graduates studied.

The last intervention in the training category includes 'vocational training' programme in the field of programming based on the Council of Ministers Decree no. 646, of October 2022 "On the procedures, criteria and rules for the implementation of vocational training programmes through financial support provided, according to competition procedures, for vocational training courses organised by vocational training institutions, public or private".

The beneficiaries of the above interventions offered as LMPs measures are unemployed jobseekers, who have recently graduated (up to 24 months after graduation) and are registered as unemployed jobseekers for no less than 3 months at NAES, after having received the necessary employment services defined in the legislation in force by the relevant employment specialist. The needs and the profile of the jobseeker must be adapted to the skill requirements of the vacancy provided by the employer. According to point 1 of the Decree, the jobseeker, participant in the programme, cannot be replaced. One jobseeker can participate in the same programme only once within a period of five years.

#### ***Employment incentives (category 4)***

LMP measures offered by NAES that include 'employment incentives' (category 4) cover measures that facilitate the recruitment of unemployed persons and other target groups, or help to ensure the continued employment of persons at risk of involuntary job loss. NAES offers five LMP measures in the category of 'employment incentives'.

First, the 'employment programme' based on the Council of Ministers Decree no. 17, point 1a, (Programme 1, Employment programme). The aim of this programme is to integrate jobseekers into the labour market. It is a 1-year employment programme, in which the profile and needs of jobseekers are matched with the employer's vacancy and the salary is defined in the employment contract, in compliance with the relevant position and level of wages in the market.

Second, the 'employment programme' based on the Council of Ministers Decree no. 608 (4-month employment programme). This Council of Ministers Decree determines the procedures, criteria, and rules for the implementation of COVID-19 programme to encourage the employment of individuals who lost their jobs due to COVID-19 in the period from 10 March 2020 to 23 June 2020. The programme is implemented in accordance with the individual needs of unemployed jobseekers who seek to be integrated into the labour force and with the individual plan for their employment. This is a 4-month employment programme, in which the profile and job needs of the applicant are matched to the employer's vacancy. The salary is determined in the employment contract in accordance with the position and the level of wages in the market.

Third, the 'employment programme' based on the Council of Ministers Decree no. 608 (8-month employment programme) is implemented in similar manner as the second programme with the difference that the unemployed jobseeker is supported during an 8-month period.

Fourth, the 'employment programme' that is based on the Council of Ministers Decree no. 608 (12-month employment programme against informality). The implementation is same as in second and third programmes, with the exception that the beneficiary is supported for the period of 12 months.

Last, the 'community work programme', based on the Council of Ministers Decree no. 535, which determines the procedures, criteria, and rules for the implementation of community work. It is a 12-month programme, which aims to include long-term unemployed jobseekers in the labour market through the provision of training and part-time employment opportunities in activities focusing on services for the benefit of the community. The areas of action of the community work programme include: (a) childcare services; (b) health and social care services; (c) rehabilitation services for former users of narcotic substances; (d) work and services for the community and the environment; (e) counselling and information services; (f) youth services; (g) sport; and (i) art, tourism and culture. Unemployed jobseekers, participating in this programme, perform 20 hours in the course of five week days. The rest of the working day the partially unemployed jobseekers can engage in additional training. Training is done in public vocational training centres or licensed private ones.

#### ***Start-up incentives (category 7)***

NAES offers only one LMP measure in the category of 'start-up incentives'. It is the 'self-employment programme' based on the Council of Ministers Decree no. 348. This programme aims to encourage self-employment through the creation of new enterprises by the interested unemployed jobseekers. The self-employment is a 1-year support programme for new enterprises, through which entrepreneurship training is provided along with development of business plans for applicants and grant to beneficiaries. Employment incentive fund for the programme covers expenses for: a) grant for starting a new business; and b) evaluation of business plans. This programme is implemented and administered by NAES through a fair and competitive application process. NAES, as needed, can contract other public, private entities or civil society organisations, which have a related scope of activity in the field of employment, to implement the employment promotion programmes with quality and timely execution, according to legislation in force.

### **4.2.3 Supports**

NAES offers only one LMP measure in the category of 'Out-of-work income maintenance and support'; namely the 'unemployment benefits programme' based on the Council of Ministers Decree no. 161 date 21.03.2018. These benefits compensate for the loss of earnings where a person is capable of working and available for work but is unable to find suitable employment, including persons who have not been employed previously. The unemployment payment programme is part of the economy's employment policies that ensure income support to persons who were left without a job and to prepare them to return to the labour market. The unemployment payment programme aims to support financially all unemployed jobseekers who have lost their job due to the closure of the workplace, termination of the work contract, bankruptcy of the enterprise, reduction of activity, etc., in order to ease their efforts towards re-employment. Hence this programme's target population are not newcomers to the labour market but rather employees who lost their jobs for one of the abovementioned reasons.

## 4.3 Gap assessment

### 4.3.1 Gap assessment in labour market policies' classification

This study includes the ecosystem of LMPs in Albania in 2021. The commonality of all labour market policies is that they are referred to as 'Employment Promotion Programmes' (EPP) in all Statistical Bulletins<sup>22</sup> (2017-2021) and other legal documents produced by NAES. An exception is made for labour market services, which include 'information services for job vacancies' and 'orientation services for vocational training'. Unemployment benefits, which would classify as 'out-of-work income maintenance and support' by Eurostat categorisation, are considered as an employment protection programme but also referred to as passive labour market policy.

The classification of LMPs by NAES does not delve into any form of components or sub-components as compared to the approach followed by Eurostat. However, in the legal documents (Council of Ministers Decrees) that legitimise each LMP, there is enough available description and detail that indirectly distinguishes components and sub-components. It would not be difficult to convert the descriptive information from the legal documentation and Statistical Bulletins in relation to the Eurostat methodology (for reference, see Section 2.1) since there is clear explanation on how the intervention is being implemented or what the eligibility criteria are. However, there is no evidence of such classification in any of the reports, website pages, or other legal documentation. The gap is presented in Table 1.

**Table 1: Gap in classification of LMP interventions in Albania**

Intervention name	Current classification	Classification according to EU methodology		
	Class	Class	Components	Sub-component
Employment programme	Employment Promotion Programme	4 Employment incentives	4.1 Recruitment incentives	4.1.2 Temporary
Training through work programme	Employment Promotion Programme	2 Training	2.2 Workplace training	/
Professional internship programme	Employment Promotion Programme	1 Labour market services	1.2 Other activities of the PES	1.2.3 Other services / activities
Employment program I	Employment Promotion Programme; Active labour market policy	4 Employment incentives	4.1 Recruitment incentives	4.1.2 Temporary
Employment program II	Employment Promotion Programme; Active labour market policy	4 Employment incentives	4.1 Recruitment incentives	4.1.2 Temporary

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Employment program III	Employment Promotion Programme; Active labour market policy	4 Employment incentives	4.1 Recruitment incentives	4.1.2 Temporary
Community work	Employment Promotion Programme	4 Employment incentives	4.1 Recruitment incentives	4.1.2 Temporary
Self-employment program	Employment Promotion Programme	7 Start-up incentives	/	/
Vocational training program	Employment Promotion Programme	2 Training	2.1 Institutional training	/
Unemployment benefit	Employment Promotion Programme	8 Out-of-work income maintenance and support	8.1 Full unemployment benefits	8.1.1 Unemployment insurance
Mediation services	Labour market services; Passive labour market policy	1 Labour market services	1.1 Client services	1.1.1 Information services
Information services for job vacancies	Labour market services;	1 Labour market services	1.1 Client services	1.1.1 Information services
Orientation services for vocational training	Labour market services;	1 Labour market services	1.1 Client services	1.1.2 Individual case management
ICT sector training vouchers	Employment Promotion Programme; Active labour market policy	2 Training	2.3 Alternate training	/

The interviews with the KIs suggested that they have never been requested to follow the Eurostat Methodology for classification of LMPs because the reporting for the purposes of EU integration agenda and convergence is done by the Albanian Institute of Statistics (INSTAT). NAES does not have the status of an official data supplier but they only produce administrative statistics and information used for public information through the website, annual reports, and annual Statistical Bulletins. The KIIs also explained that other forms of classification and data are reported to INSTAT subject to their requests. NAES has a memorandum of understanding with INSTAT, and it is only through INSTAT that it can have any form of relation to Eurostat. Therefore, the classification of LMPs has not been presented or requested so far in the data and documentation that NAES delivers to INSTAT. The Bank of Albania is also another consumer of the data collected by NAES, but again the classification and format of this information about LMPs is pre-established and is used for their internal reports.

Another issue raised during the interviews related to NAES reorganisation, which is underway, including use of a new data collection and classification system. However, the system of monitoring and reporting of aggregate administrative data has undergone no changes and the previous format for the annual review documentation and Statistical Bulletins is still in force.

### 4.3.2 Gap assessment in data availability on labour market policies' expenditures and participants'

The annual Statistical Bulletins is a stand-alone Chapter, namely Chapter III, entitled 'Labour market policies and services', which includes data provided through monitoring of employment policies implemented by NAES. Publicly available data on LMP participants and expenditures can be found in similar format in NAES's annual Statistical Bulletins for the period 2017–2021<sup>23</sup>. In these bulletins, data on participants is presented for employment promotion programme participants and beneficiaries of unemployment benefits, such as, for example aggregate number of participants and expenditures. However, there is gender and age disaggregation for the total number of participants, but not for each LMP. Additionally, the age groups used are not in accordance with the Eurostat methodology.

The Chart of Monitorable Indicators evaluates annual achievements of the most important indicators that measure the performance of NAES service provision to its clients: jobseekers and employers. Key performance indicators such as employment, involvement in active labour market programmes, the number of job vacancies announced, and the increase in the number of employers who are clients of NAES are also detailed in other indicators that refer to the prioritisation of vulnerable groups in the implementation of relevant strategic indicators.

The monitorable indicators for 2017-2021 have been determined taking into consideration all the necessary activities that NAES must follow within the framework of structural reformation. This reformation includes the IT sector, situation created by COVID-19, indicators defined in different strategies, attainment of indicators for the year 2020, and funds available for the implementation of long-term labour market strategies during 2021. Some of the indicators that comprise the Chart of Monitorable Indicators are: (i) employment of long-term unemployed; (ii) support with employment promotion programmes of long-term unemployed; (iii) orientation of long-term unemployed in professional training courses; (iv) registration of active entities (employers) for the first time at NAES; and (v) announcement of job vacancies.

Information and data on performance is reported regarding the three main performance indicators: (i) employment, (ii) announced vacancies, and (iii) participation in professional training courses. The implementation of activities in the field of Mediation Services aims directly at the compliance of labour market supply and demand. Therefore, NAES reports data on the total number of vacancies published, and the percentage of such vacancies that have been filled.

Also, NAES reports information about the number of unemployed jobseekers that have been employed compared to the previous year. This data is disaggregated by gender, region, age, level of education, and vulnerable groups. Data about active labour market programmes, as one of the main instruments for dealing with the unemployment, is also part of the annual Statistical Bulletin. For both these groups, there are no available data in the format requested by Eurostat.

However, from the interviews with KIs, the understanding on the reporting of data on participants and expenditures follows the same existing format that has been reported each year. NAES is only a supplier of administrative data for the public but does not have the status of the supplier of official data, which is done through INSTAT. NAES underwent a reformation process recently and a new reporting system is being implemented but no changes have been introduced in the classification of data nor the reporting for LMPs. None of the KIs had confirmed any request to adjust to the EU methodology for classifying and

23 <https://akpa.gov.al/statistika-te-publikueshme/>

reporting the data on LMPs. KIs confirmed that there is no formal request to use the EU methodology, therefore the Statistical Bulletins continue to follow the same format as before.

## 4.4 Roadmap for alignment of labour market policies' classification in Albania

Our research showed that the practices of NAES in Albania are not yet aligned with EU guidelines to comply with 2018 Eurostat's Methodology for LMP statistics. However, there is a clear willingness amongst the institutions to harmonise their practices given Albania's commitment to the EU accession. All KIs confirmed that NAES has been lobbying to acquire the status of the supplier of economy-level data, a status that only INSTAT has had by now. It has a memorandum of understanding with INSTAT and all official data are delivered to INSTAT for their internal use. Similarly, the data from NAES that is used for the purpose of EU integration agenda chapters is only supplied to INSTAT, as the only connection of NAES with Eurostat is an indirect one, through INSTAT.

Harmonisation is needed not just because of the future requests from the EU but also because of the more detailed internal monitoring of the implemented policies and the possibilities of comparison between institutions in Albania as well as within the WB region. There are two solutions proposed by KIs.

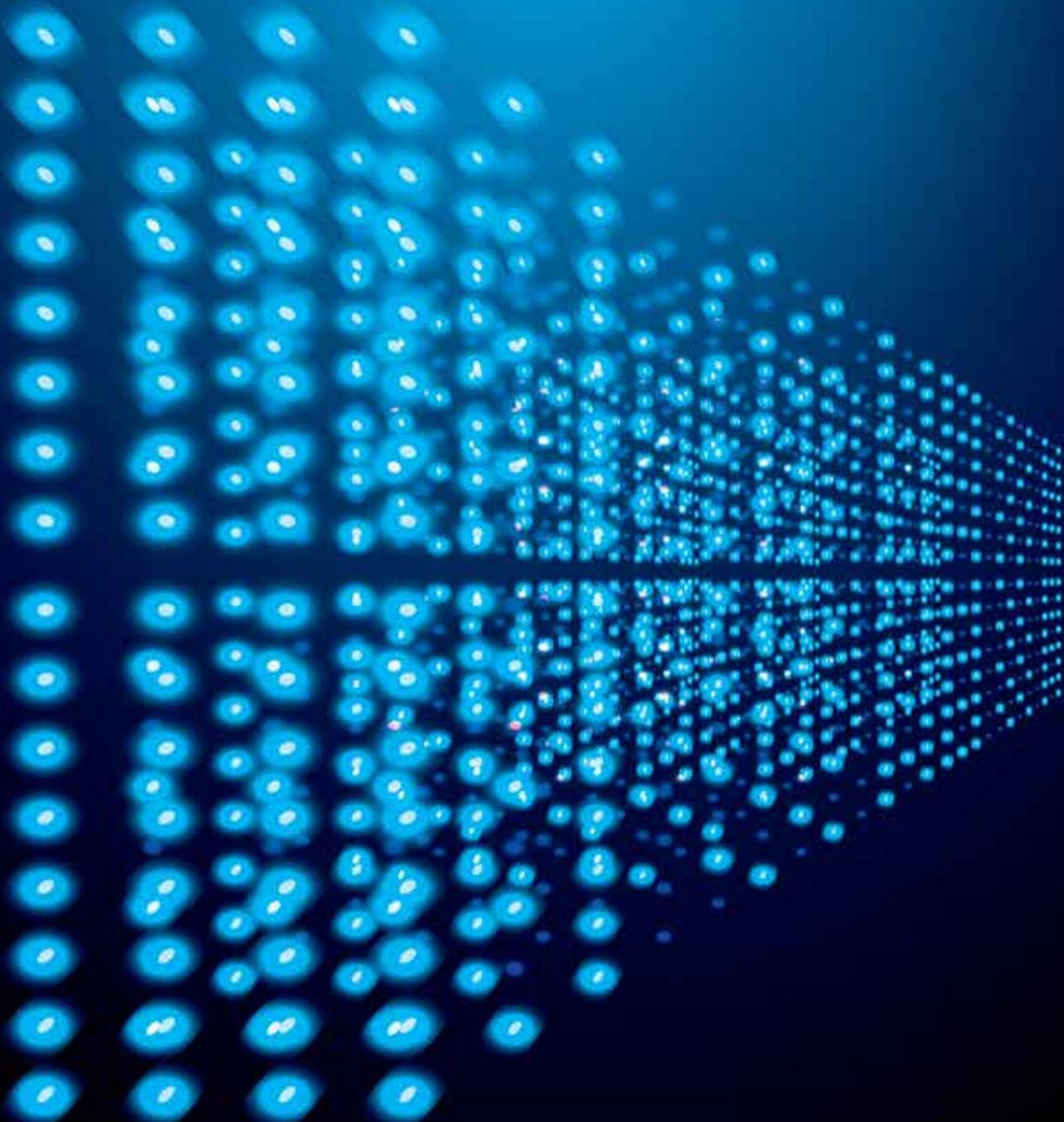
In the short-term, Eurostat should address INSTAT and introduce the new format of classification and reporting to NAES. This would require an in-depth understanding of the applicable 2018 Eurostat's Methodology for Labour Market Policy statistics, so employees in Labour Market Information Sector and the Director of Planning and Performance of NAES would need to be ready to transfer their capacities to the local and regional offices. Any form of alignment and convergence with Eurostat's practices and the chapters for EU integration is steered by INSTAT. So, the first option would be to initiate a dialogue with INSTAT about the need to report data on LMPs according to the EU methodology. This would imply the need to adjust the annual review documentation and Statistical Bulletin with classification and data reporting accordingly.

With the recommendations and support of Eurostat, INSTAT could organise a first consultative meeting on the 2018 Eurostat's Methodology for LMP statistics, including the list of essential and non-essential issues in the LMP reporting that should be discussed with the relevant stakeholders. Further on, requests for upgrades of the existing IT solutions as well as changes in work practices regarding data collection and dissemination could be integrated. The following step would be alignment of ESAP2 training across the Western Balkan economies to include specifically the ways of monitoring participants before and after the implementation of an intervention, as well as the allocation of costs for employees who are engaged in the implementation of several interventions.

In the long-term, NAES should be able to be granted the status of the official data supplier, a status that is currently available only to INSTAT. Without such status, NAES supplies only administrative data through their annual reports and Statistical Bulletins but has no right to supply their own official data. Having the status of the official data supplier would enable NAES to directly communicate with Eurostat and therefore the training and introduction of the Eurostat methodology could be done in-house by NAES.

At the level of INSTAT, there are existing good practices that could be used as roadmaps to align the classification and reporting of data according to the Eurostat methodology, namely the Labour Force Survey (LFS) and the EU-Statistics of Income and Living Conditions (SILC) survey. Even though these are only quantitative data collection examples, there is a process established for similar practices. The main objective for conducting LFS (by INSTAT) is to establish a solid statistical system of labour force statistics according to Eurostat's standards in order to enable (i) quantitative and dynamic assessment of labour market developments; (ii) improving employment and unemployment statistics; and (iii) improving the assessment of informal employment as part of the unobserved economy. A similar approach could be applied in case of LMPs.

# 5 BOSNIA AND HERZEGOVINA



## 5.1 Mandates for labour market policies

According to the Constitution of Bosnia and Herzegovina, competences in the labour and employment sector mainly belong to the entities. The minimum competences of Bosnia and Herzegovina in the labour sector take place within the framework of the Ministry of Civil Affairs of Bosnia and Herzegovina. Since the administrative level of Bosnia and Herzegovina does not have the authority to enact laws in the field of labour and employment, there are no uniform labour standards or employment policies for Bosnia and Herzegovina. The Labour Law does not exist at the level of the entire economy, but at the entity and canton level. Also, there is no economy-wide law on employment. The consequence of this division of responsibilities is seen in no or very little jurisdiction over the issues arising from the labour and employment sector, including the issue of LMPs, at the economy level.

Another institution in this sector at the level of Bosnia and Herzegovina is the Labour and Employment Agency whose primary functions include coordination of PESs' work and international representation. The functions of Bosnia and Herzegovina Labour and Employment Agency in the employment sector are limited to the coordination of activities with entity authorities and employment institutions in connection with employment projects, but only those that are "of interest to Bosnia and Herzegovina". In this context, there is a lack of clarity regarding the specific criteria and process by which a particular project is classified as being "of interest to Bosnia and Herzegovina" and thus falls within the jurisdiction of this Agency. Furthermore, criteria for distinguishing such a project from one that is classified as "not of interest to Bosnia and Herzegovina" remains unclear.

From the institutional aspect, the PES of Federation of Bosnia and Herzegovina operates in the entity Federation of Bosnia and Herzegovina with associated cantonal employment services. Republika Srpska entity's PES operates in the Republika Srpska with regional employment services, while the Brčko District PES operates in the Brčko District.

At the level of Federation of Bosnia and Herzegovina, the Law on Mediation in Employment and Social Security of Unemployed Persons (Official Gazette of Federation of Bosnia and Herzegovina No. 55/00; 41/01; 22/05; 9/08) is a key legal act in the employment sector. This law established the PES of Federation of Bosnia and Herzegovina with headquarters in Sarajevo, which has the status of a public institution. The Federation of Bosnia and Herzegovina PES has a director and a Board of Directors, and its organisation is determined by the Statute approved by the Government of Federation of Bosnia and Herzegovina. The law also establishes the competences of Federation of Bosnia and Herzegovina PES, which, among other things, include: monitoring and proposing measures to improve employment and social security of unemployed persons; monitoring and ensuring implementation of policies and measures in the field of work and employment; management of funds to ensure material security during unemployment and monitoring and coordinating the work of services on the implementation of established measures; providing assistance in implementation of professional orientation programmes, training and re-training for unemployed persons, as well as monitoring and reporting about implemented LMPs.

The Law on Mediation in Employment and Rights during Unemployment (Official Gazette of Republika Srpska No. 30/10; 102/12) established PES of Republika Srpska, which has the status of a public institution. The aforementioned law (Article 6) establishes that public powers, as well as organisational, professional and other tasks in the field of employment in Republika Srpska are carried out by the PES of Republika Srpska. In terms of organisation, Republika Srpska PES consists of a central office, six branch offices and 58

employment bureaus. This law establishes the competences of Republika Srpska PES, whose primary mission is employment mediation, which means: employment mediation, public information on employment opportunities and conditions, counselling on the choice of occupation (professional guidance), professional training and preparation for employment, implementation of programmes and measures of active employment policy, and performance of organisational, professional, administrative and other tasks related to the exercise of the rights of unemployed persons to financial benefits, professional training, health care and other rights, in accordance with the mentioned law.

The field of work and employment in Brčko District is regulated by the Labour Law (Official Gazette of Brčko District, no. 7/00, 08/03, 33/04 and 29/05) and the Law on Employment and Rights during Unemployment (Official Gazette of Brčko District, no. 33/04, 19/07 and 17/08; and 01/23). The Employment Act regulates employment, unemployment insurance, unemployment rights and the conditions for their realisation, establishment and financing of the PES of Brčko District of Bosnia and Herzegovina, record keeping, supervision and other matters of importance for organised employment in Brčko District. Brčko District PES is a legal entity with the status of a public service of interest to the Brčko District of Bosnia and Herzegovina, which performs non-profit activities, with rights, obligations and responsibilities established by law and the Statute of the Brčko District PES. Brčko District PES was established as part of the Department of the Office of the Mayor of Brčko District and is responsible for employment matters including mediation in employment, informing about opportunities and conditions for employment, professional orientation and counselling on the choice of occupation, organising professional training, training and preparation for employment, implementing programmes and measures of active employment policy, issuing work permits for the employment of foreigners in accordance with legal and other regulations, performing organisational, professional, administrative and other tasks related to the exercise of rights of unemployed persons provided for by the Law.

LMPs are also implemented by lower levels of government, including cantonal employment services in Federation of Bosnia and Herzegovina, that are sometimes co-financed by municipalities or city governments. There are also projects financing labour market interventions by international organisations and implemented in collaboration with Public Employment Services (PES).

## 5.2 Types of interventions

All three types of interventions are implemented throughout the economy by PESs in their respective administrative units. In the scope of labour market services, PESs are providing counselling and career guidelines that are targeted at newly unemployed persons and pupils from secondary schools to advise them on their career choice. In terms of LMP measures, all three institutions in Bosnia and Herzegovina are implementing a variety of measures, with some differences in their design and implementation modalities. The least number of measures mapped in 2021 was related to sheltered and supported employment and rehabilitation, and just one institution implemented measures aimed at direct job creation. The majority of measures are directed towards providing employment and start-up incentives, with a few measures that involve training components. According to the applicable laws in all three administrative units in the economy, PESs are mandated to implement LMP supports, such as financial compensation for those who lost their job, which are considered out-of-work income maintenance and support. There

are also schemes available to enable early retirement for people who fulfil the criteria according to the applicable laws.

A detailed mapping exercise of all interventions implemented by PESs in the economy was conducted for 2021. More details about their design and modes of implementation are presented in the next sections.

## 5.2.1 Services

One of the core interventions provided by all three PESs in the economy is the provision of labour market services to various stakeholders. These include unemployed persons as the first target group, employers as the second target group, educational institutions, as well as the general public. Various services are available throughout the economy, including employment mediation services, informative seminars, individual counselling, group consultations, and provision of professional information.

Mediation in employment is considered to be a set of activities and measures that establish a connection between a person seeking employment and an employer with the aim of gaining employment or concluding a contract for performing temporary and occasional jobs or special jobs. It involves direct communication with employers and people registered in unemployment records.

The purpose of the informative seminar is to inform unemployed persons about everything that would be useful for them in the process of an active job pursuit, as well as to encourage unemployed persons to undertake an active job search. By participating in a seminar, unemployed people have the opportunity to learn about the work of PES office. In addition to providing information, informative seminars also have a mobilisation component. The goal of individual counselling is to provide an individual approach to an unemployed person in terms of providing support and assistance in the process of actively seeking employment through four basic phases: introduction, gathering information, identification of needs, and adoption of an activity plan.

The job search club represents a formal group of people looking for employment. Its purpose is to provide unemployed people, members of the Club, with continuous help in looking for a job, that is, to help them find the best possible job in the shortest possible time. The Club emphasises self-help, where the Club leader works with the members in order for them to acquire the skills and motivation needed to present themselves as good as possible in the labour market.

The main goal of the professional information service is to provide the necessary information services when choosing to enrol in high school or college, according to the needs of the labour market, as well as information about vacancies and employment opportunities.

## 5.2.2 Measures

LMPs in this class of measures are the most often implemented interventions by PESs. Out of different labour market policies available, the most often implemented are employment incentives, which are either lump-sum or periodic cash payments to employers to subsidise the employment of registered unemployed persons. These policies are targeted mainly at hard-to-employ groups, such as women, youth, and members of Roma community. There was only one intervention in Federation of Bosnia and Herzegovina that involved co-financing of all registered unemployed in addition to targeted intervention. In all interventions

implemented in 2021, employers are obliged to employ the person, thus breaking their unemployment period. There is only one intervention implemented in Republika Srpska<sup>24</sup> to support employment, which requests employers to conclude permanent employment contracts with those whose employment is co-financed. In 2021, there were two interventions involving employment incentives in Brčko District, three in Republika Srpska and seven in Federation of Bosnia and Herzegovina.

Another big group of interventions implemented in all three administrative units are start-up incentives, which are targeting entrepreneurs starting their business and are also used for employing a person in that business. Since subsidised businesses are becoming registered and people are becoming employed, their unemployment period is interrupted. There are no provisions on whether the employment should be temporary or permanent. Brčko District PES implemented two interventions to support self-employment in 2021: one was for all registered unemployed, and the second involved subsidising business activities of Roma. Republika Srpska PES implemented three interventions to support entrepreneurs, all of which were targeted at specific groups, including the Roma community. In both of these administrative units, the interventions are functioning to provide entrepreneurs with lump-sum payments, with the difference that in Republika Srpska they are paid in two instalments. Federation of Bosnia and Herzegovina PES implemented five different start-up incentives in 2021 that were targeted at specific groups, and there was also one intervention available to all registered unemployed. Differently from the two other administrative units, interventions in Federation of Bosnia and Herzegovina are designed to transfer periodic cash payments to individuals to support their business ventures.

Measures that involve training are under-represented in all three administrative units. Professional training services for unemployed persons who are on the register of persons actively seeking employment were the only measure implemented in 2021 in Brčko District that could be classified as training. There was also one measure implemented in Republika Srpska in 2021 that could be considered training and is related to subsidised internships for young people—children of fallen soldiers with university degrees—in order for them to gain work experience needed to be employed in their profession. A similar programme was also implemented in Federation of Bosnia and Herzegovina, but considered all young unemployed persons up to the age of 30, registered with the PES without previous work experience. In addition to this measure, there was a programme called “PESs in cooperation with employers” implemented in Federation of Bosnia and Herzegovina in 2021 that involved a training component. Federation of Bosnia and Herzegovina PES is the only institution that implements a specific mixed measure called Training and Work, with two components that involve training as a prerequisite for a person to have subsidised employment.

According to available information, only Federation of Bosnia and Herzegovina PES implemented measures under the category of direct job creation in 2021. There were two measures implemented: one envisaged the employment of persons to conduct public works, and the second envisaged assistance to the persons in need. Both of these measures included temporary and seasonal employment of persons from unemployment records.

### 5.2.3 Supports

Unemployed persons in all three administrative units of the economy are entitled to financial compensation after entering unemployment status from employment based on the condition that the employment

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<sup>24</sup> The full name of the intervention is: Programme of employment and self-employment of target categories in the economy in 2021 in the Republika Srpska.

relationship has ended without their request, consent, or fault and that they had a prescribed period of insurance covered within their employment. In Republika Srpska and Brčko District, the criteria are the same, so a person has to have at least eight months of continuous insurance in the last 12 months or 12 months with interruptions in the last 18 months. In Federation of Bosnia and Herzegovina, the criteria are that a person has to have worked for at least eight months continuously or eight months with interruptions in the last 18 months. There are also variations in terms of the length of time for which the person is provided with compensation, depending on the length of their insured professional service. The amount to which unemployed people are entitled also differs.

For example, the amount of monetary compensation in Brčko District is determined in the following way:

- ⦿ Up to 15 years of service, the monetary compensation paid to an unemployed person amounts to 45% of the average net salary after taxation that the unemployed person earned in the last three full months of work;
- ⦿ After 15 years and 1 day of service, the monetary compensation paid to an unemployed person is 50% of the average net salary after taxation that the unemployed person earned in the last three full months of work.

The amount of monetary compensation cannot be lower than 45% of the average net salary of the Brčko District of Bosnia and Herzegovina nor higher than the average net salary in the District determined based on the latest data published by the competent institution for statistics in the District.

Similar provisions based on the length of service and the percentage of average net salary recorded in that administrative unit are applied in Federation of Bosnia and Herzegovina and Republika Srpska. In addition to financial compensation, unemployed persons are also entitled to health insurance based on applicable provisions, which is administered through PES offices in Brčko District and Federation of Bosnia and Herzegovina.

As previously mentioned, in this class of interventions, all three PESs are implementing schemes for early retirement of unemployed persons. Therefore, unemployed persons from PES records who meet the conditions prescribed by law can be paid contributions for pension and disability insurance for up to three years until they meet the conditions for old-age pension.

In addition to the already mentioned interventions for unemployed persons, there is also an intervention implemented in Brčko District that enables unemployed persons to use the right to reimbursement of the costs of medical treatment for unemployed persons who have been declared permanently incapable of work. These costs are reimbursed up to the cost of BAM 100.00 (EUR 51.14) and only if they are not covered by mandatory health insurance.

## 5.3 Gap assessment

### 5.3.1 Gap assessment in labour market policies' classification

A detailed mapping and classification of LMPs is made based on the available reports for 2021, which reveal that PESs in Bosnia and Herzegovina distinguish between active and passive labour market measures. In the group of active labour market measures, institutes distinguish between employment subsidies and training support. In the group of subsidies, two major sub-groups can be observed, which include transfers to employers and subsidies for self-employment. There are examples of mixed interventions that include both subsidies and a training component that are classified differently by PESs. For example, internship support is classified under the employment subsidy, although the main aim of this intervention is on-the-job training for people without working experience. When compared with the methodology used in the EU (see Section 2.1), it can be observed that there is a gap between the classifications made by institutions in Bosnia and Herzegovina and those conducted in the EU. The gap in classification of examples of LMPs is presented in Table 2<sup>25</sup>.

**Table 2: Gap in classification of examples of LMP interventions in Bosnia and Herzegovina**

Intervention name	Current classification	Classification according to EU methodology		
	Class	Class	Components	Sub-component
The right to monetary compensation, pension-disability and health insurance of unemployed persons (Brčko District PES)	Passive Labour Market Measure	8 Out-of-work income maintenance and support	8.1 Full unemployment benefits	8.1.1 Unemployment insurance
The right to pay contributions for pension-disability (added experience) (Brčko District PES)	Passive Labour Market Measure	9 Early retirement	9.2 Unconditional	9.2.1 Full
Employment mediation (Brčko District PES)	Not classified	1 Labour market services	1.1 Client services	1.1.1 Information services
Informative seminars and individual counselling (Brčko District PES)	Not classified	1 Labour market services	1.1 Client services	1.1.2 Individual case management
Group consultation - Job search club (Brčko District PES)	Not classified	1 Labour market services	1.1 Client services	1.1.1 Information services
Professional information and counselling (Brčko District PES)	Not classified	1 Labour market services	1.1 Client services	1.1.1 Information services
Programme of employment and self-employment of target categories in the economy-employment component (Republika Srpska PES)	Active Labour Market Measure	4 Employment incentives	4.1 Recruitment incentives	4.1.1 Permanent

<sup>25</sup> Examples are selected to reflect the gap in the classification of different interventions in the economy. PESs are implementing more interventions that are selected in the table.

Programme of employment and self-employment of target categories in the economy - self-employment component (Republika Srpska PES)	Active Labour Market Measure	7 Start-up incentives	/	/
Programme to support the economy through refund of paid taxes and contributions for new employment of workers in 2020 (Republika Srpska PES)	Active Labour Market Measure	4 Employment incentives	4.2 Employment maintenance incentives	/
Financial compensation (Republika Srpska PES)	Unemployment benefits	8 Out-of-work income maintenance and support	8.1 Full unemployment benefits	8.1.1 Unemployment insurance
Your opportunity 2021 - First work experience for young unemployed people under the age of 30 (Federation of Bosnia and Herzegovina PES)	Active Labour Market Measure	2 Training	2.2 Workplace training	/
Your opportunity 2021 (Federation of Bosnia and Herzegovina PES)	Active Labour Market Measure	4 Employment incentives	4.1 Recruitment incentives	4.1.2 Temporary
Public works 2021 (Federation of Bosnia and Herzegovina PES)	Active Labour Market Measure	6 Direct job creation	/	/
"Training and employment" programme 2021 - Training component (Federation of Bosnia and Herzegovina PES)	Active Labour Market Measure	2 Training	2.2 Workplace training	/
"Training and employment" programme 2021 – Employment component (Federation of Bosnia and Herzegovina PES)	Active Labour Market Measure	4 Employment incentives	4.1 Recruitment incentives	4.1.2 Temporary

A description of measures is also available either in annual reports, employment strategies, action plans or the institutes' annual working plan. The institutes in all three administrative units do it more or less in the same format, but it can be easily deduced from the very name of the measure to which general category they belong. However, detailed classification according to Eurostat methodology (for reference, see Section 2.1) can sometimes be difficult since there is no clear explanation of how the intervention is implemented or what the eligibility criteria are. According to the information provided by the Labour and Employment Agency (LEA) of Bosnia and Herzegovina, there is a regular request by the Directorate for Economic Planning (DEP) of Bosnia and Herzegovina to report the total number of participants and expenditures following Eurostat methodology. In this case, LEA employees review all reports published by PESs in three administrative units and classify and compile data at the level of the economy. A detailed explanation of Eurostat methodology was not provided by DEP, and LEA employees are classifying measures based on their own understanding of the definitions used by Eurostat and the descriptions of policies provided by employment institutes. Even for the purpose of this reporting made internally for economic planning purposes, it would be simpler if the methods of publishing, classifying, and collecting data on labour market policies were harmonised within the economy.

Data from KIs reveal that all three institutes agree that classifying and describing policies following Eurostat methodology would be beneficial, but some obstacles might be foreseen. For example, in Federation of Bosnia and Herzegovina, a problem with a different type of reporting can arise with institutions that approve the content of the annual report, and the proposed type of classification of interventions does not necessarily have to be done through the annual report. Regarding the creation of a catalogue of measures that would consolidate information on the policies implemented by one institution in one place and following Eurostat's methodology, all three institutions agree that it would benefit the unemployed the most. However, in the creation of this type of resource, it is necessary to consider part of the population that is not digitally literate, and the catalogue of measures should also be made in a printed version. On the other hand, this catalogue would enable the representatives of LEA BiH to more easily monitor and unify data at the level of the economy.

### 5.3.2 Gap assessment in data availability on labour market policies' expenditures and participants

Publicly available data on LPM participants and expenditures can be found in PESs' annual reports in similar format for the period 2017–2021. In these reports, data on participants is presented for active labour market measures and beneficiaries of unemployment benefits, such as for example financial compensation. Data on these participants are mainly disaggregated by gender, and only Republika Srpska PES publishes data on participants in the active labour measures disaggregated by age, but different age groups are used compared to Eurostat methodology. Brčko District PES also publishes data on beneficiaries of the right to monetary compensation, pension disability, and health insurance for unemployed persons using age groups that are different from those used by the EU. None of the institutions published data on participants by duration of unemployment. There is also scarce data on the number of entrants and the source of entry into the measure, as well as the number of those who exited the measure and the destination of exit.

Data collected within KIs revealed that data on participants might be retrieved following the EU methodology, but with some limitations. In Federation of Bosnia and Herzegovina, the data at the PES disposal are for those interventions that the institute directly finances and where users are registered and monitored through an online portal (from 2020). These data cover active employment measures (subsidies and programmes for development of entrepreneurship and the Training and Work programme). For interventions that are implemented through the work of cantonal services, such as the administration of monetary benefits, there are difficulties in monitoring given the different software solutions used in these services and the inconsistency of the code books that are integrated into these solutions. Also, the institute does not have data for those interventions implemented by cantonal employment services independently. The current software solution that allows reporting and monitoring the implementation of active employment measures collects data on participants and their demographic characteristics, such as gender, age, and length of unemployment. Employees of the institution can generate reports for each individual user of the intervention; however, it is necessary to manually generate tables like those in the Eurostat reports. This requires planning the working hours of employees in order to obtain data in such a format.

In Republika Srpska PES, there is a series of data that is monitored and processed for internal purposes of monitoring various activities of the Institute. There are also ad hoc requests from ministries, projects, and other institutions that partially require similar data. Usually, for these purposes, data from different applications is combined, which involves manual filtering and collecting data. There is an application (BI system) that collects reporting from various sources, which includes tracking the age, gender, and dura-

tion of unemployment of a person registered at the institute participating in the measure. However, the reporting form should be programmed to allow the data to be downloaded in the required format and the corresponding databases to be imported in order to produce the necessary data in the correct way. If it is not possible to plan the upgrade of the existing information system, it is necessary to plan the time of those who would be able to capture the necessary data manually.

The current situation in Brčko District PES is that there are two separate applications that monitor the work of employees in the institute and one application that is used for accounting monitoring. Both applications enable monitoring of participants in interventions carried out by the Institute, including monitoring by gender, age, and duration of unemployment. The data is not linked between these two applications, and the reports that can be obtained from these applications should be manually filtered and summarised to obtain the data in the intended format. Unfortunately, there are not enough employees for this manual work who could work on it regularly, given that even with the currently available workforce, the planned activities are difficult to achieve. The delay in approving the request for additional employment of staff by the competent local authorities causes difficulties in realisation of current tasks. Hiring more people would result in implementation of all planned activities. Unlike the other two institutions that are connected to the tax administration and thus can monitor individuals, the Institute does not have this possibility or an information system that would support the connection with their databases.

Data on expenditures is made publicly available by all three institutions in their annual reports. These data include expenditures for active labour market measures, but only those that are directly transferred to employers, individuals, or service providers. There is no clear explanation provided about where the funds were transferred, although it can be concluded based on the intervention logic. In mixed interventions, there is no division of the budget spent among the components of the intervention. Desk research of available data also showed that expenditures for the administration of policies as well as costs for labour market information services are not available. According to the data from KILs, the problem in Federation of Bosnia and Herzegovina is the monitoring of costs and time spent by persons working on career guidance and information and calculation of these costs, especially in the context of decentralisation of these activities to the cantonal employment services and variations in their implementation within the services themselves, as well as from year to year. Similar to Federation of Bosnia and Herzegovina, there are no developed systems in Republika Srpska and Brčko District that would enable monitoring budget spending and breakdown relative to these activities. So far, they have been treated under the budget for regular activities of relevant institutes.

## 5.4 Roadmap for alignment of labour market policies' classification in Bosnia and Herzegovina

Research results showed that the practices of employment institutes in Bosnia and Herzegovina are not aligned with the EU guidelines as yet. However, there is a clear willingness amongst the institutions to harmonise their practices given the commitment of Bosnia and Herzegovina to the EU path. All KIs consulted confirmed that harmonisation is needed not just because of future requests from the EU but also because of the more detailed internal monitoring of implemented policies and the possibilities of comparison between institutions in Bosnia and Herzegovina as well as within the WB region.

To be able to harmonise their practices with those of the EU, institutions in Bosnia and Herzegovina are expected to complete several steps. Firstly, an in-depth understanding of the applicable EU methodology is needed, so employees in these institutions are ready to communicate their requests for upgrades to existing IT solutions as well as changes in work practices in data collection and dissemination. The training should specifically include modules that explain the ways of monitoring participants in interventions before and after the implementation of the intervention, as well as the allocation of costs for employees who are engaged in the implementation of several interventions.

In the short-term, a thorough review of existing solutions and their possibilities to monitor data on participants and expenditures, as well as to report them in the requested format, is needed. Also, in short-term, all three PESs could work on the detailed classification and description of measures to produce a catalogue of interventions similar to those in the EU, which can be published on their webpages as well as in print format.

In the medium- to long-term, there are different steps that are needed in different administrative units to enable harmonisation with the EU guidelines. In Federation of Bosnia and Herzegovina, it is necessary to first start from the reporting units, which in this case are the cantonal services for employment, and harmonisation of software solutions and code books used for data entry. It is also necessary to work on the software solution used by PES to integrate the table option in the format used by Eurostat that could be automatically generated. This way manual work on filtering and summarising data from the reports produced by the system would be avoided. In addition, in order to monitor the implementation of measures, it is necessary that other institutions, such as the tax administration and statistical institutions, harmonise their classifications and definitions. It is necessary to strengthen human capacities of the IT service in Republika Srpska PES, which then could work on additional development of the existing BI system or enable the engagement of an external service provider to upgrade the system so the data could be reported in the form required by Eurostat. In Brčko District, it is necessary to automate the process of creating tables and summarising data and to connect the two existing applications to enable generating of reports in the prescribed form.

At the level of economy, there is already a good practice example for migration profile statistics, within which a software solution was developed that enables three PESs to enter their data related to the issued work permits for foreign citizens. There is also a signed memorandum of cooperation between three PESs with defined data that is entered in this application, and the rights and obligations of all parties involved

in the process. In addition to developing a unique programme solution and ensuring participation of all three institutions, it is also necessary to plan the time for collecting and entering data and train the staff to understand the methodology and record the data correctly. One of the PESs mentioned that centralisation at the Bosnia and Herzegovina level and entering data into a central database could be a solution, but this debate carries significant political weight.

Nevertheless, reporting to Eurostat, once mandatory, will have to be done from the level of the entire economy. Therefore, two possible solutions could be implemented: either harmonising existing practices of PESs' work within the economy or creating a centralised database. Regardless of the solution chosen by the institutions, capacity building in terms of understanding Eurostat methodology or acquiring necessary skills is needed through provision of training in data collection and dissemination to the staff and an appropriate IT solution to ensure unhindered data collection and dissemination in the required format.

# 6 KOSOVO\*



This chapter is exploring Kosovo\* landscape of labour market policies (LMPs). It also investigates the intricate roles played by key institutions such as the Ministry of Finance, Labour and Transfers (MFLT) and the Employment Agency of Kosovo\* (EAK) in coordinating labour-related activities. In the following sections, the chapter describes various types of LMP interventions that shape the employment ecosystem in Kosovo\*, while critically assessing the gaps that emerge within the regulatory and implementation frameworks in comparison to those of Eurostat methodology. The final section of this chapter presents a roadmap to align LMP classification in Kosovo\* with that of Eurostat methodology. The roadmap aims at harmonising strategies, enhancing data accuracy and availability, and adopting a more consistent approach to addressing labour market challenges, by installing a new management of information system.

## 6.1 Mandates for labour market policies

This section provides a short overview of the mandates of institutions for the implementation of LMPs, namely the Ministry of Finance, Labour and Transfers of Kosovo\* and Employment Agency of Kosovo\*.

### ***Ministry of Finance, Labour and Transfers of Kosovo\****

Based on the Regulation Framework No. 14/2023, the Ministry of Finance, Labour and Transfers (MFLT) is in charge of a range of responsibilities, encompassing the preparation of public policies, creation of legal frameworks, and drafting and endorsement of sub-legal regulations. In the context of this analysis, MFLT assumes the responsibilities of vital matters such as those of promoting employment opportunities, facilitating vocational training initiatives, managing labour relations, shaping social policies, managing transfers, orchestrating pension schemes, administering governmental aid provisions, ensuring workplace safety and protection, advancing occupational safety and health standards, fostering social dialogue. Through its activities, MFLT diligently adheres to international standards, all within the framework of the Constitution and the existing legislation.

### ***Employment Agency of Kosovo\****

Employment Agency of Kosovo\* (EAK) is regulated by the Law No. 04/L-205. It is the official body in charge of regulating the labour market and implementing employment and vocational training strategies. It serves a wide spectrum of users, including jobseekers, registered unemployed, employers, employees, and foreigner citizens seeking employment in Kosovo\*.

Notably, services for employment and vocational training can be provided to the workforce by both authorised public and private organisations. The latter type includes organisations that are specialised in provision of services related to employment and training needs of particular communities. In accordance with the established legal framework, the Employment Agency of Kosovo\* is authorised to accredit these approved non-public suppliers.

Rights and responsibilities and other conditions governing the interactions between the Employment Agency and authorised non-public service providers are regulated by sub-legal acts. These acts, which were compiled by MFLT and adopted by the Government, set forth rules for reporting as well as the rights, obligations, and scope of work for these non-public providers in relation to EAK.

In essence, EAK serves as the principal organisation in charge of directing employment and career training programmes and administering the labour market. To ensure complete support to diverse kinds of labour market participants, it works with accredited public and non-public service providers. These partnerships between EAK and non-public providers are outlined in formal sub-legal acts, which also set the rules governing them.

**EAK and MFLT have a close partnership**, which entails cooperation and shared accountability in certain activities. The Ministry is in charge of drafting policies related to employment and vocational education. Additionally, MFLT approves EAK's annual work plan, which involves implementation of employment and vocational training laws in the labour market. EAK organises and coordinates the annual plan, including the proposed annual budget, for approval from MFLT. An important responsibility of MFLT is to approve EAK's proposed budget, which is then officially presented to the Government for approval in compliance with applicable regulations. It is also within the Ministry's obligations to recommend actions to increase efficacy of employment and vocational training policies as well as to supervise their implementation.

Conclusively, EAK and MFLT maintain close communication in which MFLT directs policy development, approves work programmes and budgets, and oversees policy implementation, while EAK assures operational execution of these policies and reports back to MFLT for approval and coordination.

## 6.2 Types of interventions

There is a range of diverse labour market interventions implemented in Kosovo\*, each designed to address specific features of unemployment and workforce integration. These measures represent a spectrum of strategies that actively engage with the challenges of unemployment, aiming to equip individuals with skills, resources, and opportunities for them to secure meaningful and sustainable employment. This section explores the distinct categories of interventions implemented in Kosovo\*, shedding light on the definition, their specific objectives, and the ways in which they are shaping the labour market. Labour market interventions in Kosovo\* are mostly focused on active measures and employment services and less on support for the unemployed.

### 6.2.1 Services

Employment services provided by EAK include various services such as registration of the unemployed; providing information on the labour market; employment services and active labour market measures; employment mediation; professional job search assistance; career guidance; intensive counselling for vulnerable groups; and other services provided by employment offices and non-public employment service providers. All these aim to facilitate integration of registered unemployed thus assisting employers in recruitment and selection of their staff. This intervention addresses the challenges of workforce skills and mismatches between demand and supply in the labour market. The two services provided within this measure are: career counselling and employment counselling.

The employment services provided by PES in Kosovo\* are categorised based on the level of risk of becoming long-term unemployed. The Operational Manual for employment services categorises the risk of becoming long-term unemployment as described below.

### **1. Low risk of becoming long-term unemployed**

Due to their education, training, work history, and motivation, the people in this group fit the criteria for successful job reintegration. They are better positioned to actively participate in job searching and employability activities, and are less likely to face long-term unemployment.

### **2. Medium risk of becoming long-term unemployed**

This group covers those who exhibit intermediate traits in terms of training, experience, and drive. They display a variety of factors that have an impact on their ability to find work and motivation, and they face a modest risk of long-term unemployment. There is a variety of circumstances these people may encounter, including recent graduates, those who have lost their jobs, and women who are returning to the workforce after maternity leave.

### **3. High risk of becoming long-term unemployed**

This group includes those who are more likely to experience long-term unemployment due to various reasons, such as low-level qualifications, outdated skills, health issues, or difficult personal circumstances. The examples highlight the wide range of difficulties that people in this group may have, from those with low-level of education to those facing personal issues to enter or re-enter the profession.

People categorised as at low risk of becoming long-term unemployed are guided to use self-service tools for their job search. Consultants assist with using search tools and exclusive job searching websites. Additionally, advisors provide advice on how to look for job openings, submit applications, and use social media sites like Facebook and others to build their professional networks. Candidates are guided to conduct proactive market research, discover possible employers in their areas of interest, and get in touch with them.

Those who are deemed to be at medium risk of becoming long-term unemployed receive job advice services based on the needs discovered during the thorough registration interview. Employment consulting services include assistance with finding employment and job searches, and information about the labour market and available training.

In case of high risk of becoming long-term unemployed, a consultant is bound to offer intensive support or consultation that combines job-searching techniques, career advice, employment mediation, support to keep the client motivated throughout the job-search process, and development of a step-by-step personal action plan for employment.

## **6.2.2 Measures**

Measures implemented by EAK in Kosovo\* are the following:

### ***Wage subsidy***

The wage subsidy programme financially supports employers who hire registered unemployed for a minimum of twelve months, in an effort to increase work prospects for them. The engaged unemployed persons are anticipated to develop important skills and experience, enhancing their chances of remaining employed or finding new jobs when the subsidy period ends. This effort is intended to foster long-term job prospects.

All long-term unemployed people who have registered with PES are eligible for this measure, but priority is given to those who are most likely to experience prolonged unemployment. This measure involves various employers including private sector businesses, public-private partnerships, and NGOs.

Under this programme, registered unemployed who are selected for wage subsidies are offered full-time job contracts with a minimum twelve-month commitment, while the wage subsidy can be offered to an employer for six, nine, or twelve months.

The selection of participant follows the next steps: employment counsellors assist employers by presenting a list of potential candidates from the group of registered unemployed individuals; from this list, the employer eventually selects a candidate; following the selection of a candidate, an agreement defining the conditions and duties of programme implementation is signed by the employer, the employee, Director of the Employment Agency, and the head of employment office.

In accordance with a one-year employment contract, the employee is entitled to a wage subsidy that is equal to 50% of their gross monthly compensation for a period of six, nine, or twelve months. The participant cannot be paid less than the minimum monthly salary set by the Government.

In conclusion, by offering financial support to the companies who hire unemployed people for a minimum of twelve months, the wage subsidy measure assists the unemployed to find long-term employment opportunities. This measure not only promotes job creation but also provides place for a jobseeker to gain knowledge, skills and experience necessary for long-term employment.

### ***On-the-job Training***

Training aims to equip participants with the knowledge, skills and competences that are required to perform a specific job within the work environment. According to the Regulation No. 01/2018 there are several training measures. On-the-job Training is offered to registered unemployed while prioritising those who are at risk of becoming long-term unemployed. This measure further aims to increase the prospects of registered employment by gaining basic knowledge and skills to perform a job during engagement in productive work. NGOs and employers from the public and commercial sectors are all eligible to take part in this measure.

Training at the workplace could last between two and six months. The duration of the training for more than six months is decided by the trainer in agreement with all parties concerned, considering the difficulty of the work, participants' talent, and their prior employment history. The trainee cannot work for more than forty hours a week.

This training is provided on the basis of an individual training plan, which is compiled by the Vocational Training Centre (VTC) trainer and in agreement with the employer. The training plan is a formal document that describes knowledge, abilities, and competences that the unemployed should acquire during the On-the-Job Training. Participants are selected by the employer from the list of registered unemployed persons. Following selection, the participants spend 5 working days in training at a VTC where they develop a training plan with their employer. When training is complete, the participants undergo assessment in a form of a final test and if he/she passes, they get a certificate.

The financially compensated allowance for the registered unemployed is not less than 70% of the minimum wage and is transferred directly to the participant's bank account to cover the costs of training.

## ***Vocational training***

Vocation Training measure consists of activities to equip the registered unemployed jobseekers with knowledge, abilities, competences and attitudes required for employment in a given occupation or a group of related professions. The regulation defines three types of vocational training: (i) institution training provided by VTCs; (ii) combined VTC-enterprise training, where a part of the training is provided by VTC while the practical part is done directly in an enterprise; and (iii) training contracted by accredited providers. External training providers are engaged only for those areas in which VTC is not specialised.

Selection of the participant is done after the registered unemployed has been counselled on career development by the employment office. After the counselling, the registered unemployed applies directly through VTC's online platform. The registered unemployed takes an entrance test and upon passing they are directed to attend a specific training. Participants take a test after each module as well as a final test after the training is completed before the VTC Internal Committee. The participant receives a certificate of acquired knowledge and skills upon successful completion of the test. The selection of enterprises is defined jointly by EAK and VTC based on defined criteria including business premises, equipment, professional staff, etc.

## ***Workplace Practice (Professional Internship)***

This measure aims at increasing the employability of recent graduates by offering them job experience in labour market and enhancing their practical skills to start a career. Professional internship is offered to enhance graduate skills and their prospects for employment by providing the access to working environment and offering experience and network opportunities, thus improving future job outlook.

The selection of participants for this measure is done after the employers express their interest to hire new interns from a broad list of candidates provided by the employment office. Employers may be private sector enterprises, public-private partnerships, and NGOs. The duration of this measure may be from six to twelve months with the possibility of extension to twenty-four months. Upon the completion of internship, the employer provides a letter of reference for the work experience gained. The compensation is provided to the unemployed and should not be lower than the amount of the minimum wage established in Kosovo\*.

## ***Self-employment***

Self-Employment and Entrepreneurship Promotion aims at promoting economic empowerment and job creation by encouraging individuals to become self-reliant through entrepreneurship. This measure strives to enhance participants' chances of establishing viable and sustainable businesses by offering tailored support, resources, and training. This is not only beneficial for individual entrepreneurs but also contributes to the overall economic development of Kosovo\* by fostering innovation, diversification, and growth within the business sector.

Under this measure, unemployed individuals who are interested in starting their own businesses can access various forms of assistance. These may include training, mentorship, guidance on business planning and management, access to financial resources, and other essential tools for launching and sustaining a successful business. The financial support of this measure includes a grant to start a business. The support for mentoring and counselling is provided for up to twelve months upon receipt of the grant.

The process of selection starts with an information campaign. The employment office in each municipality is open to receiving business ideas from registered unemployed people. Participants in the process also

take evaluation tests, and those who pass are invited to present thorough business plans. A panel assembled by PES makes the final decision. Successful applicants selected for this measure receive financial support in the form of a start-up grant of up to 6,000 EUR to help with establishment of their business venture.

### **Public work**

The primary aim of public works is to support registered unemployed who are struggling to find work and increase their employability. This approach emphasises the collaborative interaction between public institutions and unemployed individuals, joining their efforts to renovate urban spaces, infrastructure, and environmental quality while simultaneously offering employment opportunities to jobseekers. Through these projects, the measure strives to address unemployment challenges while contributing to community development and improvement of public spaces and resources.

This measure prioritises those with high risk of becoming long-term unemployed. Public works measures are offered to registered unemployed, through collaboration among municipalities, public institutions, and enterprises. This measure operates in coordination with stakeholders to facilitate projects that encompass urban revitalisation, maintenance and repair of municipal infrastructure and public spaces, environmental conservation and rehabilitation among others. The projects within this measure are designed to provide employment for unemployed individuals from two to twelve months on a full-time basis. The selection of participating unemployed individuals is conducted by the employer, after the submission of project proposals by municipalities, public institutions, and enterprises. The compensation provided for participants in this measure cannot be lower than the minimum salary set by the government of Kosovo\* and provided as a transfer directly to the participants.

## **6.2.3 Supports**

The social assistance programme in Kosovo\* provides financial aid to the qualified families in accordance with the legal requirements and is funded by the public budget. MFLT oversees how this programme is run through authorised employment centres. All family members must be permanent residents of Kosovo\* and fulfil certain requirements that fall into one of two categories to be eligible for social assistance.

1. Families in category one must all be considered dependent and registered unemployed. The dependent person according to the Law No.2003/15 in Kosovo\* are those who are younger than 14 or older than 65, people with disability, caregivers to a person with disability, single parents of children younger than 15, people between 15 to 18 who are attending formal education.
2. Families in category two must have at least one member who is physically fit for employment and have at least one child under the age of 5 or permanently care for an orphan under the age of 15.

## 6.3 Gap assessment

### 6.3.1 Gap assessment in labour market policies' classification

MFLT categorises the measures explained in the previous section as Active Labour Market Measures, with the exception of Social Assistance. However, beneath this broad categorisation lies significant nuance that requires exploration – differences in the definition of these interventions and, notably, disparities when compared to the standards set by Eurostat. This divergence in definitions and disparities in comparison to Eurostat exemplifies the complexity of classifying interventions. According to KIIs from MFLT, when defining and categorising LMPs, MFLT in general tends to use Eurostat methodology but always adjusting it to the context of Kosovo\* and this is the main reason of this divergence. The gap is presented in Table 3.

**Table 3: Gap in classification of LMP interventions in Kosovo\***

Intervention name	Current classification	Classification according to EU methodology		
	Class	Class	Components	Sub-component
Employment Services	Active Labour Market Measures	1 Labour market services	1.1 Client services	1.1.1 Information services
Wage Subsidy	Active Labour Market Measures	4 Employment incentives	4.1 Recruitment incentives	4.1.2 Temporary
On-the-Job Training	Active Labour Market Measures	2 Training	2.2 Workplace training	/
Vocational Training and Rehabilitation	Active Labour Market Measures	2 Training	2.3 Alternate training	/
Professional Internship	Active Labour Market Measures	2 Training	2.4 Special support for apprenticeship	/
Public Work	Active Labour Market Measures	6 Direct job creation	/	/
Self-Employment and Entrepreneurship	Active Labour Market Measures	7 Start-up incentives	/	/
Social Assistance	NA	8 Out-of-work income maintenance and support	8.1 Full unemployment benefits	8.1.2 Unemployment assistance

Classification of interventions provided in Kosovo\* should be done according to Eurostat methodology as per the following suggestion:

1. Employment services should be classified as Labour Market Services, where the components should be classified as Client Services with Information Services and Individual Case Management;
2. Wage Subsidy should be classified as Employment Incentives, with the components Recruitment Incentives and subcomponent Temporary;
3. On-the-job Training should be classified as Training, with the component Workplace Training;
4. Vocational Training should be classified as Training, with the component of Alternate training;
5. Professional Internship should be classified as Training, with the component of Special support for apprenticeship;
6. Public Work should be classified as Direct Job Creation;
7. Self-employment and entrepreneurship promotion should be classified as Start-up Incentives; and
8. Social Assistance should be classified as Out of Work Unemployment Benefits.

### 6.3.2 Gap assessment in data availability on labour market policies' expenditures and participants

When considering both the data for expenditures associated with the interventions and the comprehensive data on LMP participants there is a stark difference with the Eurostat standard (for reference see section 2.1). This discrepancy underlines a difference in the aggregation of information available for these two crucial dimensions of data.

In case of data on expenditures, only the general overview of the total financial outlay is available with no disaggregation. According to KI of EAK, the data on expenditures is not available for each measure, which brings to light the challenge of how these resources are allocated across different intervention categories.

On the other hand, the data for participants across different interventions is characterised by its own intricacies. While the available data can provide insights into the gender and age distribution of programme participants, there is no available data for the unemployment duration. This absence of data is important as the duration of unemployment is pivotal in selecting the participants for the measures but also in assessing the effectiveness of interventions in facilitating re-entry into the labour market. Moreover, the data for spectrum of labour flows, job entries, exits and transitions between employment, unemployment and inactivity is completely absent. These flows would present a vivid picture of the dynamic nature of the labour market, reflecting the flow of workforce in response to changing economic conditions, industry demands, and individual preferences.

In summary, the data availability scenarios for interventions expenditure and participant details provided by EAK reveal that there are profound differences compared to those from Eurostat. Addressing these data limitations is crucial for refining the strategic development of interventions, ultimately leading to more informed policy decisions and improved labour market outcomes.

## 6.4 Roadmap for alignment of labour market policies' classification in Kosovo\*

Learning from KII, MFLT of Kosovo\* is in the process of introducing Youth Guarantee programme which targets youth unemployment by ensuring that all young people receive a quality offer of employment, education, or training within a specified timeframe after leaving formal education or becoming unemployed. The primary goal of the programme is to prevent long-term unemployment and social exclusion of young people, while also supporting their transition into the labour market.

The first step into aligning the methodology towards the Eurostat's is amending the regulation and the labour law to incorporate Eurostat methodology as standard for classification of interventions in Kosovo\*. Representative of MFLT of Kosovo\* confirmed that they have started the process of alignment of the regulatory framework of interventions to international and European labour standards as reform required implementation of Youth Guarantee initiative, the pilot of which would start in January 2024. KI from MFLT confirmed that they are currently working on a draft of new labour market interventions regulation. The process to adjust the Labour Law started in September 2023, while it is expected that the new law would be approved by the Kosovo\* Assembly by June 2024, since the Youth Guarantee programme is expected to start in January 2025.

In the medium- to long- term, a series of modifications are necessary to ensure that the methodology used aligns comprehensively with the European labour standard. These adjustments encompass a range of tasks to be implemented, such as procedural protocols, development of new operational manuals, and, most importantly, establishment of an innovative operational Management Information System (MIS) for EAK to fully reflect the European standards for data collection and dissemination. Presently, the existing MIS, as confirmed by both KIs interviewed for this analysis and a recent evaluation of EAK MIS, has been deemed outdated and incapable of fulfilling the evolving requirements of the agency. Its inflexibility in providing essential information for data aggregation has been identified as significant limitation.

It is of high importance to acquire new system to enable enhanced efficiency. This upgrade of the system would aim to empower both the agency personnel and the broader user base, ensuring that navigating the system becomes an efficient experience of its users, such as jobseekers, employers, employees, and even training providers. There is a continuous need to improve the system to enhance data accuracy, provide periodical reporting and analytics (and in alignment with the European standard), increase efficient resource allocation of EAK, offer a long-term planning and data-driven decision-making.

A critical aspect of MIS upgrade involves its integration with the information systems of the Ministry of Education and Tax Administration of Kosovo\*. According to the KI from the agency, there is a connection between the agency and the Tax Administration, but this needs to be upgraded to get to a more sophisticated level. This interconnection seeks to enhance the interaction between administrative entities, ensuring easy data sharing and facilitating a more solid approach to labour market information management. This integration encourages transparency and accountability. In addition, the intervention definition and classification for Tax Administration and Ministry of Education should follow the same Eurostat standard. It would provide a shared understanding of data among institutions, allowing them to collectively identify areas of potential growth, skill gaps, or sectors requiring targeted support. Labour market trends iden-

tified by MIS could inform educational curriculum adjustments, aligning skills training with market demands and so on.

KI from EAK noted an innovative facet of the system would be its capacity to offer online training modules. This would be progressive step towards embracing modern technological trends that enable users to access training resources remotely. By incorporating online training capabilities, the new system would extend opportunities for skill enhancement and career development, allowing users to actively engage in training sessions tailored to their schedules and needs.

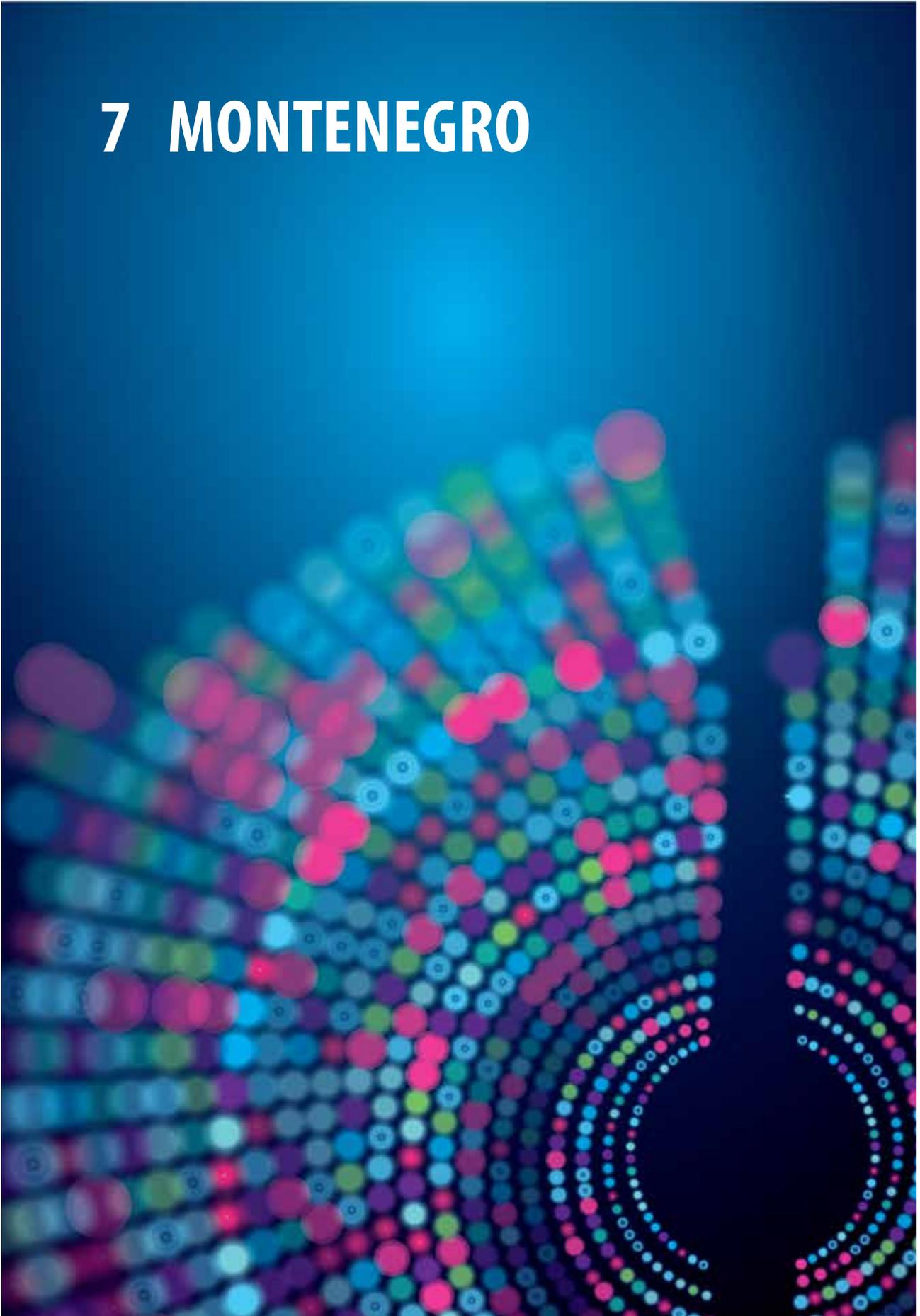
Ultimately, these efforts collectively aim to modernise and rationalise the operations of EAK, aligning it more closely with European labour standards and fostering improved efficiency, data accuracy, and inter-departmental collaboration.

MFLT would hold the responsibility for executing activities related to the adaptation of regulatory framework and overseeing the process of all activities, including parallel tasks where EAK is also engaged. These responsibilities include formulation and compilation of an updated Operational Manual, Annual Operation Plans, and engagement in the conceptualisation of a new information system.

A comprehensive cost assessment for the implementation of the new system requirements is crucial. This assessment would describe in details the intricacies of what the system would have to encompass to effectively meet the needs of EAK and the labour market. The success of the new system depends on this initial step, as it ensures that subsequent developments are purposeful, tailor-made for the labour market of this economy, and economically sound.

Currently, the task of aligning the regulatory framework with the European standards is supported by the combined financial support of Kosovo\* and international donors. Given the impending modifications accompanying the forthcoming regulatory and labour law changes, there is a continuous demand for financial resources, capacity building, and technical assistance. The ongoing and expected changes in the regulation necessitate an ongoing commitment to securing funds that can sustain the transition and adaptation process, ultimately guaranteeing the successful implementation of system and its accompanying initiatives.

# 7 MONTENEGRO



## 7.1 Mandates for labour market policies

The Law on Employment Mediation and Rights During Unemployment (Official Gazette of Montenegro No. 024/19 of 22 April 2019) prescribes responsibilities of the Employment Bureau of Montenegro, as the main public employment service responsible for the implementation of labour market measures.

In the Bureau, a unique professional service is organised on a functional and territorial basis, consisting of the institute's headquarters in Podgorica and nine regional units.

Responsibilities of the Bureau include: preparation for employment; employment mediation; implementation of active employment policy measures and other activities aimed at increasing employment, i.e. reducing unemployment. The Law prescribes that all mentioned activities can also be performed by employment agencies (private), except active employment policy measures, which may only be implemented by the Bureau. Agencies can only implement ALMPs in exceptional cases when they have a contract with the Bureau.

The Law defines preparation for employment and employment mediation as services. Activities related to the preparation for employment include: 1) informing about employment opportunities and conditions; 2) counselling to increase employability and employment; 3) professional orientation; 4) profiling of unemployed persons; 5) determination of an individual employment plan; and 6) labour and social integration. Employment mediation is defined as a set of activities that include provision of professional assistance in connecting an unemployed person/jobseeker and an employer in order to establish an employment relation.

Active employment policy measures are implemented through programmes adopted by the Management of the Employment Bureau of Montenegro. According to the Law, measures of the active employment policy are divided into the following categories: 1) education and training of adults; 2) incentives for employment; 3) direct job openings; and 4) incentives for entrepreneurship.

The Bureau, in accordance with the regulation, can implement other active employment policy measures depending on the needs of labour market and the identification of target groups. Those may be defined by the economy's strategic plans as well as operational programmes of the Bureau.

According to the Law, an unemployed person has the right to financial compensation- unemployment cash benefit. The amount of the benefit depends on the previous contributing period. The whole procedure, since the claim submission until the payment, is managed by the Bureau.

The Bureau and its activities are financed from: contributions for unemployment insurance; own income; general revenues and other sources. The government guarantees the obligations of the Bureau for exercising rights to unemployment benefits.

Employment Bureau of Montenegro implements certain measures in cooperation with other institutions (Tax Administration of Montenegro, Customs Administration, Police Administration, educational institutions) depending on the type of the measure.

Measures aimed at increasing employability of persons with disability are defined by the Law on Professional Rehabilitation and Employment of Persons with Disability (Official Gazette of Montenegro No. 49/2008, 73/2010, 39/2011 and 55/2016). They are organised by the Employment Bureau and are financed by the Fund

for professional rehabilitation and employment of people with disability based on the special contribution for professional rehabilitation and employment of people with disability paid by the companies that do not employ people with disability.

Certain public employment programmes are implemented in accordance with specific regulation. For example, professional training programme for persons with acquired higher education is implemented in accordance with the Law on Professional Training of Persons with Higher Education (Official Gazette of Montenegro No. 038/12 of 19 July 2012, 086/22 of 3 August 2022). This programme is funded from the central budget.

## 7.2 Types of interventions

As stated previously, different types of interventions are defined by the domestic regulations and implemented by Employment Bureau of Montenegro. However, this classification is not fully aligned with EU regulation.

According to the data on activities implemented during 2021, it can be concluded that all three types of interventions (services, measures and support) were implemented by the Employment Bureau of Montenegro. Services are permanent activity of the Bureau and are mainly aimed at providing information and counselling service to students and those who recently entered the labour market. Although 2021 was a post-COVID year and activities on active labour market measures were limited, it is evident that major focus of the Bureau was on active labour market measures. Providing training to different categories of unemployed is dominant among those measures. Lesser scope of measures is aimed at providing subsidies to support entrepreneurial activities and self-employment. Support interventions are the least developed and are reduced to unemployment benefits.

Main data on all these interventions are available in Bureau's annual and semi-annual reports, which are published regularly. However, data are classified and presented in accordance with the domestic legislation and not in accordance with the EU methodology.

### 7.2.1 Services

Services are one of permanent and regular interventions performed by the Bureau. In reports they are classified and presented as follows:

- ⊙ *Professional treatment of unemployed persons* that includes information services and counselling services on employment opportunities and conditions. The aim of these interventions is better informing unemployed persons and other jobseekers about possibilities and conditions of employment in order to increase their employability. Information services are carried out through individual and group information sessions. Information are also distributed through the website, print and electronic media, bulletin boards, flyers and similar. Counselling services relate to the selection, search and acceptance of employment, familiarisation with methods and techniques of active job search, support in the development of career management skills, as well as the skills needed to increase employability and improve professional development.

- ⊙ *General professional orientation programme* is aimed at providing more information about employment opportunities and career guidance. This programme is intended for unemployed persons, employers, pupils, parents, students, persons looking for a change of employment. Professional orientation programmes are divided into individual and group programmes. Individual professional orientation programmes involve an average of two meetings between the professional orientation advisor and the user, while group programmes are based on a workshop type of work, where users acquire knowledge and skills through group and individual activities. Group work includes from 7 to 16 participants, while the time frame for providing services ranges from 45 to 90 or 270 minutes per day per group, depending on the structure of the programme.
- ⊙ *Career Orientation and Labour Market in Primary and Secondary Schools* programme is a special professional orientation programme. Its aim is to provide information to young people who are in the education system and who are planning to enter the labour market and/or continue their education. The programme is aimed at supporting: career development, proper choice of occupation, choice of employment, development of entrepreneurship ideas. This programme is intended for primary and secondary school students who continue their education and for vocational secondary school students entering the labour market.
- ⊙ *"Informer on enrolment in secondary school" publication* is part of the special professional orientation programme. Its aim is to inform semi-graduates about all the possibilities of career continuation, further education and the labour market. This programme is intended for all semi-graduates. This publication contains information for all secondary schools in Montenegro, descriptions of occupations for which it is possible to study, advice for choosing a career and information about the labour market. In addition to the Bureau, the Ministry of Education, Science, Culture and Sports, as well as the Centre for Vocational Education participated in the creation of the publication content.
- ⊙ *"Encouraging career development of directly employable unemployed persons"* programme aims to adequately guide and encourage professional development of candidates for employment. This programme is designed for persons who register for the first time in the records of the Employment Bureau of Montenegro. The programme is implemented through workshops, lasting from one to three days. It is integrating programmes directed towards a social form of, informing, motivating and actively seeking employment.
- ⊙ *Programme of cooperation with employers* covers facilitating job openings and pre-selection of unemployed individuals. In compliance with employment regulations, employers are required to report job vacancies to the Employment Bureau. The Bureau, in turn, has an obligation to advertise these vacancies upon the employer's request and, as specified by relevant legislation, on various platforms including bulletin boards and Bureau's website, and through media channels. Furthermore, in response to employers' requests for suitable candidates to fill vacant positions, the Bureau organises pre-selection activities and professional assessments of unemployed individuals and other jobseekers who possess qualifications and skills required by the employers. This process ensures a streamlined and transparent approach to job placement, connecting employers with qualified candidates and aiding unemployed individuals in finding suitable employment opportunities.
- ⊙ *Social activation programme of beneficiaries of family support allowance* who are able to work is aimed at increasing employability of these beneficiaries. The programme is implemented based on the agreement between the Employment Bureau of Montenegro and Centres for Social Work. The

primary objective of this collaboration is to enhance the prospects of vulnerable groups among the unemployed population. This is achieved through the provision of integrated services from both systems. The process of activation involves offering assistance to individuals receiving family support allowances who are capable of working. By formulating individual employment plans and activation strategies, these individuals are directed towards participation in support programmes. This process, in turn, augments their employability and improves their access to the labour market.

- ⊙ *Seasonal employment programme* is aimed at enhancing the engagement and information flow for seasonal employment during the summer tourism season. This initiative targets a diverse group of beneficiaries, including unemployed individuals, long-term unemployed, students, youth, and other jobseekers. Key actions included posting comprehensive information about seasonal employment opportunities on Bureau website, creating an informative presentation titled Seasonal Employment, Step to Work, simplifying online application process for students and schoolchildren, continuously monitoring interest through individual employment plans, and distributing informative flyers to employers and jobseekers. Bureau also prioritised intensive one-on-one engagement with jobseekers, offering tailored support and motivational counselling sessions when conditions allow.

## 7.2.2 Measures

Measures are defined as active labour market measures. In reports they are classified and presented as follows:

- ⊙ *Adult education and training programmes* - The Employment Bureau facilitates adult education and training programmes aimed at enhancing the employability of unemployed individuals facing barriers to entering the labour market. Collaborating with licensed adult education providers, Bureau offers adult education and training programmes with two core objectives. First, to equip participants with professional qualifications, primarily targeting roles within the service industry, catering, and tourism sectors, thereby significantly enhancing their employment prospects. Second, Bureau prioritises development of key skills vital for jobseekers aiming to overcome employment barriers and successfully secure positions. Through these initiatives, Bureau empowers jobseekers, eliminates obstacles, and provides them with increased access to meaningful employment opportunities.
- ⊙ *Training programme for independent work* targets individuals with secondary education (Level III and IV) lacking work experience in their field. In this programme, employers implement customised activities that align with participants' unique professional and personal characteristics. Additionally, mentoring is provided to prepare them for independent work at their education level. Goal of the programme is to equip these individuals with the skills and confidence needed to secure employment independently.
- ⊙ *Training programme for work at the employer* is specifically designed for unemployed individuals who possess secondary education at Level III and IV but lack relevant work experience in their field. Within this programme, employers oversee tailored activities customised to participants' unique professional and personal attributes. Additionally, mentorship is provided to prepare them for independent work at their educational level. The aim is to equip participants with the knowledge, skills, and competencies essential for successful employment in specific workplace within the particular company.

- ⊙ *Public works* - Programme is designed based on the needs and capabilities of individuals facing employment challenges and the requirements of beneficiaries of public interest programme. The Personal Assistant public work programme is executed as part of initiatives to create temporary non-market jobs of public interest, specifically focusing on supporting individuals with disability. Similarly, the Care of the Elderly public work programme operates within the realm of protecting the elderly. In addition to these public work programmes, the Bureau also implements various socially beneficial programmes spanning areas such as environmental protection, education, culture, sports, as well as maintenance and revitalisation of public infrastructure, and other sectors aligned with public interest.
- ⊙ *Activating Women* - The primary objective of this pilot project is twofold: first, to foster integration of young women into the labour market in the post-pandemic era, and second, to enhance the capacity of Montenegrin labour market institutions in conceiving, executing, and assessing innovative labour market measures as part of the pandemic response. The project focuses on the activation of women aged 25 to 34 by providing grants to unemployed women with preschool-aged children. It also includes subsidised workplace training, all aimed at alleviating the adverse impacts of the pandemic on Montenegro's labour landscape.
- ⊙ *Professional Training for Individuals with Higher Education* targets individuals with acquired higher education. This programme focuses on providing practical work experience opportunities for individuals with higher education who are registered with the Employment Bureau of Montenegro. In this initiative, interested employers apply to offer trainees employment for a 9-month period, allowing them to gain valuable professional experience in their respective fields. This programme serves as a valuable stepping stone for individuals with higher education to embark on their professional journeys.
- ⊙ *Wage Subsidies for Employing Individuals with Disability* is aimed at encouraging employers to hire individuals with disability, and they have the opportunity to receive wage subsidies from the Professional Rehabilitation Fund as an incentive. This programme promotes inclusive employment practices and supports businesses in offering opportunities to individuals with disability.
- ⊙ *Grants for Workplace and Working Conditions Adaptation* - In this programme employers have the opportunity to apply for grants aimed at adapting the workplace and working conditions for their employees with developmental disability. This initiative encompasses various aspects, including providing appropriate training, mentorship, and conducting analyses of employees' abilities to enhance their efficiency at work. These grants promote a supportive and inclusive work environment, ensuring that employees with developmental disability can thrive in their roles.
- ⊙ *Subsidy for Personal Assistant Expenses* - This initiative serves to support individuals with disability in their workplaces by subsidising the personal expenses of their assistants, fostering an inclusive and supportive work environment.
- ⊙ *Grant Scheme for Employment Projects of Individuals with Disability* targets unemployed individuals with disability. At least once a year, the Employment Bureau of Montenegro issues a public call for financing projects aimed at employing individuals with disability through a grant scheme. These projects are designed to enable persons with disability to access job market, secure employment, and acquire relevant work experience. Most participants in these projects obtain employment during the project, and some continue to be employed for a minimum of nine months following

project completion. This initiative actively promotes integration of individuals with disability into the workforce and provides them with valuable employment opportunities.

- ⊙ *Professional Rehabilitation for Persons with Disability* aims to empower individuals with disability for meaningful social and vocational integration, enhancing their opportunities for personal and professional growth. Professional rehabilitation is a comprehensive process aimed at training individuals with disability for successful social and occupational integration. It encompasses a range of measures and activities designed to prepare individuals for the labour market, enabling them to find and maintain employment, advance in their careers, or transition to new professional paths. In accordance with the law, professional rehabilitation comprises 14 measures, including counselling, motivation and support for individuals with disability in actively seeking employment, assessing their remaining work capacity, developing social skills, and providing assistance in job searches, among others. Professional rehabilitation extends its support not only to unemployed individuals with disability but also to employed individuals with disability for whom employers have requested subsidies to equip workplaces and to participate in financing the personal expenses of work assistants for individuals with disability, in accordance with legal provisions.
- ⊙ *Innovative Programme for Ongoing Employment and Entrepreneurship Stimulation* is designed to stimulate job creation and foster entrepreneurship by providing financial support to individuals and entities with promising business concepts. This innovative programme offers financing opportunities (loan) to interested and qualified individuals seeking to embark on new employment ventures. It is accessible to both unemployed and employed individuals, as well as natural or legal entities with relevant business ideas.
- ⊙ *Self-Employment Grant Programme* aims to reduce unemployment and empower individuals to create their own employment opportunities. The Bureau facilitates submission of project proposals by unemployed individuals, selects the most viable projects and provides grants to support self-employment endeavours.

### 7.2.3 Supports

Cash compensation during unemployment is a financial support programme to unemployed persons registered at the Bureau who were employed previously. After the termination of employment relationship, the unemployed person has the right, based on the unemployment insurance, to the payment of monetary compensation under certain conditions. The Bureau manages the process of registration of beneficiaries as well as payment procedures.

The amount of unemployment benefits is determined by the Law on Employment Mediation and Rights During Unemployment (Official Gazette of Montenegro No. 024/19 of 22 April 2019). It amounts to 120% of the calculated coefficient value, specifically €108.00 per month.

When it comes to eligibility and the length of the period, an unemployed person is entitled to financial support if she or he meets the defined criteria. Their employment must be terminated without their consent or fault while they have been employed for at least nine of the last 18 months. The length of the period of receiving the benefits depends on the total number of years of service. With a length of service of 9 months to 5 years, the period of support is 3 months. For the length of service from 5 to 15 years, the period of support is 6 months. For those whose total length of service is between 15 and 25 years, the period of support

is 9 months. The support length of 12 months is granted for those whose length of service is between 25 and 35 years. For people with over 35 years of service, the period lasts until new employment or the time when the person is eligible for their pension. The last case is the only one that provides a long-term benefit.

Other short-term benefits include financial aid and travel costs in the case of education or participation in measures of activation as well as financial aid for moving and transportation costs if a person is employed in a city they do not live in. The amounts are determined by individual acts of the Ministry of Labour and Social Protection.

## 7.3 Gap assessment

### 7.3.1 Gap assessment in labour market policies' classification

As it was previously mentioned, legislation in Montenegro makes distinction between services and active labour market measures. The regulation defines two types of services, preparation for employment and employment mediation. Under active labour measures legislation recognises four main categories of measures: education and training of adults; incentives for employment; direct opening of jobs; and incentives for entrepreneurship. This shows that there is a gap between Montenegrin regulation and the EU methodology, as service category as well as active labour market measures do not explicitly cover all categories required by the EU.

A detailed mapping and classification of LMPs is made based on the available annual report of the Bureau for 2021. Publicly available data on LMPs in Montenegro are presented in the annual and semi-annual reports published by the Employment Bureau. These comprehensive reports are accessible in PDF format through the Bureau's website. The information related to various LMPs is presented as data concerning the programme activities of the Bureau. When compared with the EU methodology (see Section 2.1), it can be observed that there is a gap between the classifications made by Employment Bureau in annual reports and Eurostat guidelines. The gap is presented in Table 4.

**Table 4: Gap between classifications used in Montenegro and EU**

Current classification		EU classification	
Measure	Class	Measure	Class
Professional treatment of unemployed persons - Information and counselling on employment opportunities and conditions	Information and counselling services	Professional treatment of unemployed persons - Information and counselling on employment opportunities and conditions	Labour market services
Adult education and training programmes	Active labour market measure	Adult education and training programmes	Training
Activating Women - Pilot programme	Other measures to increase employment	Activating Women - Pilot programme	Training

Professional training of persons with acquired higher education	Professional training	Professional training of persons with acquired higher education	Direct job creation
Wage subsidies for employed persons with disabilities	Employment of persons with disabilities	Wage subsidies for employed persons with disabilities	Labour market services
Professional rehabilitation	Employment of persons with disabilities	Professional rehabilitation	Direct job creation
Innovative programme for continuous stimulation of employment and entrepreneurship in Montenegro	Other	Innovative programme for continuous stimulation of employment and entrepreneurship in Montenegro	Direct job creation
Self-employment grant programme	Other	Self-employment grant programme	Direct job creation
Cash compensation during unemployment	Cash compensation during unemployment	Self-employment grant program	Out-of-work income maintenance and support

Observation of the annual reports shows that all interventions implemented by the Bureau during the observed year are presented under the section “Programme activities”. This section contains information and data on all activities of the Bureau, including service interventions, active labour market measures and activities related to specific programmes, some administrative activities, etc. In this section certain activities are presented under the subsection active labour market measures. These are activities such as: adult education and training programme, training programme for work at the employer, public works, incentives for seasonal work, etc. Separately from the section, other programme activities/actions are presented individually such as: professional training of persons with acquired higher education, innovative programme for continuous stimulation of employment and entrepreneurship or self-employment grant programme. This makes it very hard to determine the category defined by regulation particular activity belongs to. In addition, it is even more difficult to determine to which category of interventions in the EU methodology particular activity or programme belongs. Detailed classification according to Eurostat methodology is even more difficult since there is no clear explanation of how the intervention is implemented or what the eligibility criteria are.

Under the third component, support, only one category was noted - unemployment benefits. There is no other sub-categorisation of this category (intervention) available. The data on early retirement in the case of Montenegro are available within the pension system (Pension Fund), and Employment Bureau does not possess or publish these data in its annual reports.

### 7.3.2 Gap assessment in data availability on labour market policies' expenditures and participants

When it comes to the number of participants in interventions, data publicly presented follow the previously explained presentation of the interventions. Each programme activity is briefly introduced and accompanied by data regarding the number of participants. While a selected number of activities provide participant data in tabular form, in majority of cases this data is integrated within the textual content. If data on the number of participants in particular intervention are provided, they usually cover: total number

of publications delivered, total number of individual meetings with users of the services, number of grants provided, etc. Data reported refer to the period covered by the report, i.e. half-year or a year. Published data are disaggregated by gender, duration of unemployment, regions and education for some programmes. However, age groups are different than the age groups defined by the EU methodology. Thus, data on stock are available within the Bureau and may be aligned with EU methodology with some changes.

However, a bigger gap is observed in data on entrants and exits. In each annual and semi-annual report the Bureau publishes data on the number of unemployed as well as the structure of unemployed population by age, gender, education, years of unemployment, etc. However, these data refer only to those unemployed who are registered with the Bureau, which creates a gap in comparison with the EU methodology, as for example data on entrants cannot be broken down by the previous status. Also, interviews with KIs revealed that the Bureau does not have mechanism in place to track unemployed persons after they complete participation in a programme. It is only clear if the person is still registered with the Bureau or not, but the status of that person is not known. This creates a big gap in presentation of the data on exits and monitoring the outcomes of LMP measures.

Based on interviews conducted with individuals employed with the Ministry of Employment and Social Welfare and the Employment Bureau, several conclusions can be drawn. Notably, it became evident that the Bureau possesses a substantial amount of information beyond what is published in the official reports. According to the interviews, the Bureau maintains detailed records of participant numbers for each activity and has the capability to categorise these data based on various criteria (gender, age). However, there is a gap in the Bureau's data collection process concerning participant outcomes after completion of the programmes. This information appears to be lacking.

**Data on expenditures** are provided as lump sums only for certain interventions. There is no systematic report on expenditures per intervention, nor is there a breakdown of data by recipient of the types of expenditure. Data are presented within the text, along with explanation of specific activity, as total sum spent on some of the programmes. According to the information received from the Bureau they have more data on expenditures but the majority of it remains unpublished. However, classification and presentation are not aligned with the EU methodology.

## 7.4 Roadmap for alignment of labour market policies' classification in Montenegro

The way of classification and publication of data on market interventions in Montenegro is not in accordance with the EU methodology. Data on participants as well as data on expenditures are limited and not presented in a user-friendly form. However, the Employment Bureau has significant set of data that could be, with certain initiatives and actions, harmonised with the EU guidelines. All KIs consulted confirmed that harmonisation is possible and needed primarily for better internal monitoring of implemented policies and possibility of comparison between institutions in the WB region and EU. However, all believe that this process of harmonisation should be done in several steps as it requires time, human and financial resources.

Alignment should start with harmonisation of existing data, followed by further data enhancement for full alignment with the EU methodology. Ongoing TWINING project “Strengthening the capacity of the Employment Office of Montenegro with regards to the implementation of active employment measures, future participation in the European Social Funds and facilitating labour mobility” could be a good basis for initiation of harmonisation process.

In the short-term, the result of this assessment could be used for establishment of a cross-functional team that would work on the alignment process. Members of the team should be employees of the Employment Bureau and representatives of the Ministry of Labour and Social Protection, Directorate for Labour. One of the first activities should be training/workshop on EU methodology, as interviews with KIs showed that only some of them are familiar with the EU methodology in data classification and publication. In parallel, it would be necessary that the team makes prioritisation of alignment tasks, beginning with existing data, defines specific objectives and desired outcomes, and establishes a budget and resource allocation plan.

After that, a cross-functional team might start working on the alignment tasks beginning with existing data, classifying them in accordance with the EU standards, and preparing a catalogue of interventions in line with the EU methodology. In this phase it is also possible to make minor changes (IT, generation of a new report) that would enable presentation of existing data in accordance with the EU methodology. Implementation would need software and reporting procedure changes.

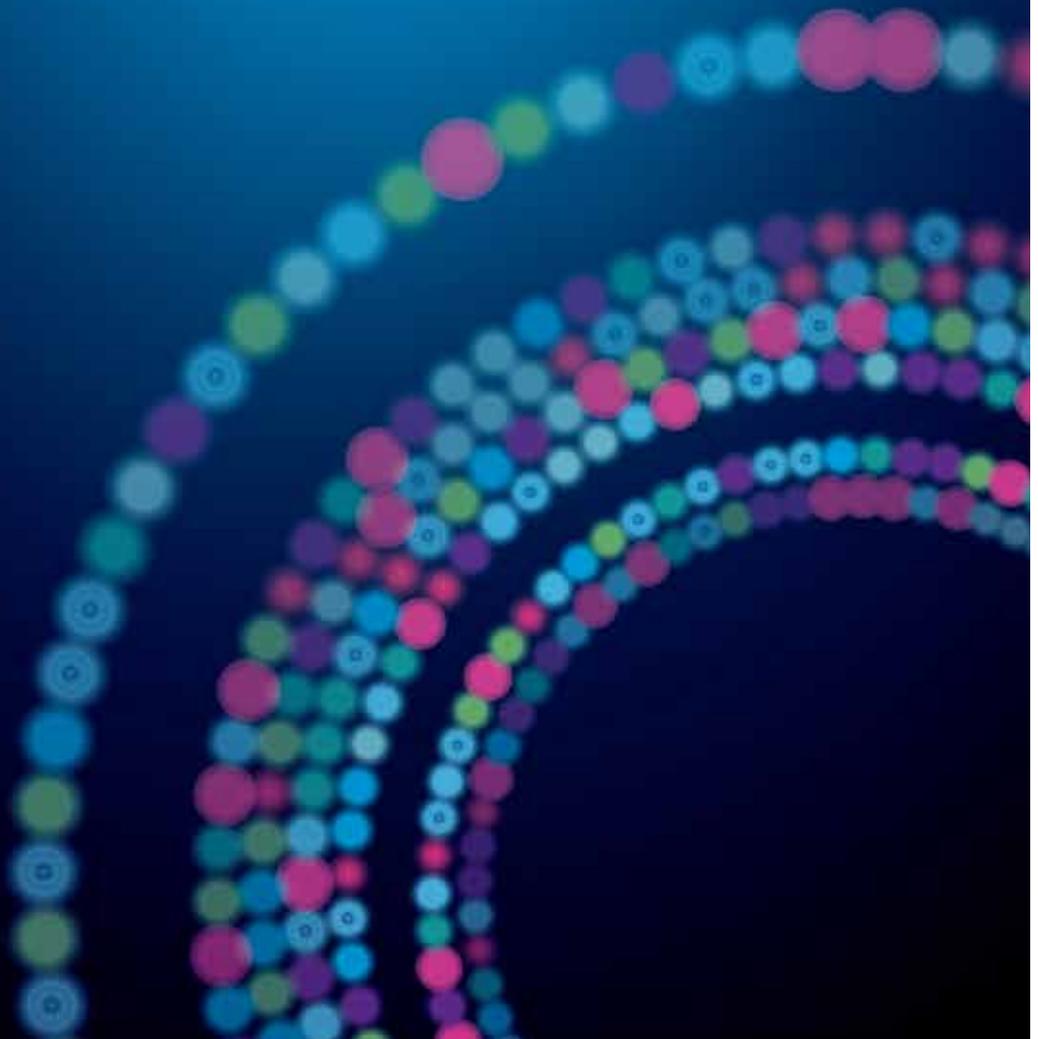
After that it would be necessary to work on capacity building within institutions and train staff on the EU standards and data management. That could be done by providing training on Eurostat methodology and data classification. During the capacity building the focus should also be on data transfer, interoperability, and data use for reporting. The training programme should involve high-ranking Bureau officials in the selection of participants and monitoring of the entire training process.

The goal of mid-term action would be to make new form of data classification more permanent. That is why this phase would cover the following: modification of data collection methods to align with the EU standards and IT sector software adjustments in accordance with new method of data collection. In this phase, full alignment could be performed on one set of data, as a pilot. However, the full alignment with the EU methodology would require: roll out of the aligned classification system across all relevant data, ensuring all regulatory changes are in place, monitoring and making any final adjustments.

In mid-term phase it would also be necessary to implement regulatory changes if necessary. The legal basis for classification of data on labour market initiatives in Montenegro is the Law on Employment Mediation and Rights during Unemployment (Official Gazette of Montenegro No. 024/19 of 22 April 2019). In order to ensure whether certain changes in legislation are needed for alignment with the EU standards, it is necessary to review existing regulation in details, identify any regulatory adjustments required to facilitate alignment and engage relevant authorities to enact regulatory changes.

Complete and long-term alignment of Montenegro’s LMP classification with the EU standards would require more permanent interventions focused on monitoring and improvements. These actions would require involvement of high-ranking Bureau officials in continuous monitoring and regular evaluation of the effectiveness of EU-aligned classification, addressing any emerging challenges, making necessary refinements, as well as continuous updates and adaptations with the EU standards.

# 8 NORTH MACEDONIA



## 8.1 Mandates for labour market policies

The right to work is one of the fundamental human rights guaranteed by the Constitution of North Macedonia and numerous domestic laws, plans and programmes, as well as international documents, which, after their ratification, became part of domestic legislation. The domestic regulatory framework regulates the issues of employment, mainly within the Labour Law (Official Gazette No. 52/2012) and Law on Employment and Insurance in Case of Unemployment (Official Gazette No. 153/2012). Specifically, these laws regulate the issues of workers' rights deriving from employment relationships, labour exchange, rights and obligations of employers, unemployed, other jobseekers and the government. The employment of disabled persons is regulated by a special law, the Law on Employment of Disabled Persons (Official Gazette No. 87/2005), regulating special employment conditions of this category of people. Other laws related to the employment and labour market include the Law on Employment and Work with Foreigners, Law on Labour Inspection, Law on Temporary Employment Agencies, Law on Safety and Health at Work and the Law on Records in the Field of Labour. Many provisions in the mentioned laws are taken as a commitment of several conventions of the International Labour Organisation, as well as numerous EU directives in this area.

The labour market and employment in North Macedonia are, besides the mentioned laws, also regulated in many government's documents such as strategies, operational plans, action plans, and the like. The Employment Strategy 2021-2027 and the Operational Plan for Active Labour Market Programmes (ALMPs) are the core documents related to the labour market and employment in the economy. Both documents regulate the employment policies, services and programmes directed towards improving the functioning of the labour market, supporting job creation and increasing employability. The Operational Plan for ALMPs is prepared on an annual basis, and includes measures and services to increase employability of registered unemployed, with reference to the youth, long-term unemployed and beneficiaries of Minimum Guaranteed Assistance. The Ministry of Labour and Social Policy is responsible for the design of the Operational Plan, while the implementation is a responsibility of the Public Employment Service / Employment Service Agency, and the other partners who participate in the implementation of specific measures and services, like the Entrepreneurship Support Agency, Central Register, Centres for Social Work, Public Revenue Office, Adult Training Centre, UNDP, ILO, Swiss Agency for Development and Cooperation, Ministry of Education and Science, CSO sector, employers, service providers, etc. The Employment Service Agency is the most important financing institution of the Operational Plan, followed by the Ministry of Labour and Social Policy. Both institutions cover 92% of the expenditures for ALMPs in 2021, and the rest is financed by the Entrepreneurship Support Agency, Swiss Agency for Development and Cooperation, UNDP, UNOPS, CSOs, LSGUs and the service providers.

## 8.2 Types of interventions

The interventions envisaged in the Operational Plan for ALMPs for 2021 have been classified in eight groups, four of which are not part of the EU methodology (4-7):

1. Start-up incentives - composed of a measure that supports self-employment through establishing own business or formalising an existing informal activity. The measure provides a start-up grant up

to MKD 615,000 (EUR 10,000) to all registered persons who have a sustainable and positively evaluated business plan.

2. Direct job creation – composed of wage subsidy, employment and growth of legal entities and supporting the employment of persons with disability. The aim of these measures is to provide incentives for employment of vulnerable persons like Roma, long-term unemployed, youth, women, etc.
3. Training – composed of numerous off- and on- the-job training aimed at increasing the skills and competencies of unemployed persons.
4. Internship – a measure aimed at supporting unemployed to acquire practical working knowledge and skills needed to perform work tasks in certain workplaces.
5. Programme for job engagement – composed of a measure for supporting inclusion of the unemployed with low qualifications into infrastructural projects and projects related to environment protection, through providing wages.
6. Care economy – a set of mixed interventions aimed at increasing the employability through providing training for social and healthcare providers and employment to those who have acquired professional qualifications and skills for providing care services.
7. Youth Guarantee programme – a set of mixed interventions directed towards increasing the employability and employment of young people up to 29 years of age.
8. Employment services – a set of services for informing, counselling, assisting, mentoring and training of unemployed and employees.

According to this classification, there are deviations from and inconsistencies with the EU methodology, explained in detail in Section 8.3.1.

## 8.2.1 Services

Since 2015, the Employment Service Agency, through its local Employment Centres, implements services directed towards increasing employability of the unemployed labour force and fulfilling the needs of the labour market, using individual approach oriented to both unemployed and employers. The services usually include activities for information, counselling, mentoring, career guidance and promotion of the available measures to the potential beneficiaries. According to the Operational Plan, the services also include training for increasing the motivation and preparation for employment, although according to the EU methodology, this should be classified as training (see more at Section 8.3.1). More specifically, the Employment Service Agency provides the following services directed towards the unemployed persons:

1. Assistance in searching for a job - an instrument that provides services related to profiling and preparation of an Individual Employment Plan, employment counselling, providing information about the conditions and requirements of the labour market, i.e. vacancies, as well as information about the existing ALMPs. In addition, the employment centres offer assistance to unemployed people in preparing a CV and motivation letter, strengthening skills for successful presentation during a job interview, and provide training for using PES online services, as well as organise info-meetings for young people and other unemployed persons.

2. Professional orientation and career counselling – an activity that enables unemployed persons to develop job search skills and planning and management of their own career development, and provides assistance in choosing an occupation, training or employment, as well as additional support in the assessment of own potential for employment and their alignment with the actual needs of the labour market.
3. Motivational training – one-day training for increasing the information and motivation to take part in ALMPs.
4. “Preparation for employment and work” is a training to young people which covers the following modules: introductory module, personal development, job search skills, communication skills, appropriate behaviour in the workplace, teamwork and leadership, safety, rights and responsibilities at work and financial skills.
5. Activation of unemployed Roma and other groups at risk of social exclusion – an instrument that provides mentorship to the registered target group through engaging local mentors who will motivate and regularly inform about employment opportunities. The service uses an individual approach to identify the knowledge, qualifications and skills that people have in order to choose the most appropriate ALMPs.
6. CAM - counselling for and increasing motivation of the Guaranteed Minimum Assistance (GMA) beneficiaries – providing counselling, support, motivation and monitoring of the GMA beneficiaries throughout their activation at the labour market.

The services for assistance in job search, career counselling and increasing the motivation target all registered unemployed persons, while the other services have specific target groups. Namely, the training for job preparation covers only young persons up to 29 years of age, while the last two services are directed towards Roma, people at social risk and beneficiaries of GMA.

Also, PES provides services directed towards employers for informing, advising and providing opportunities to use the services and existing ALMPs and other opportunities for employment of unemployed persons, using PES electronic services, information and advice in the field of labour legislation, participation in joint events such as employer forums, mediation during finding a suitable candidate for their vacant positions, etc.

## 8.2.2 Measures

The measures that are available in the Operational Plan for ALMPs for 2021 are classified into seven groups, some of which are not aligned with the EU methodology. The main objective of the available measures is increasing the employability and employment of the registered unemployed persons. Some groups are being singled out as most eligible, mainly through providing grants, wage subsidies and training opportunities.

1. Start-up incentives
  - ⊙ Support for self-employment – composed of a measure that supports self-employment through establishing own business or formalising an existing informal activity. The measure provides a start-up grant up to MKD 307,500 (EUR 5,000) or 615,000 (EUR 10,000) if 2 unemployed persons apply for

start-up as co-founders to all registered persons who have a sustainable and positively evaluated business plan.

## 2. Direct job creation

- ⊙ Wage subsidy – an instrument that supports the employment of unemployed who find it difficult to join the labour market, such as long-term unemployed, youth, elderly, GMA beneficiaries, single parents, disabled, parents of disabled children, parents of more than 3 children, etc. The instrument targets the employers who fulfil several criteria related to the existing number of permanent employees, paid salaries and social contributions, financial condition of the company, etc. It provides a wage subsidy up to MKD 19,000 (EUR 330) per month for a period of 3, 6 or 12 months, for employing a person from the eligible categories. In 2021, the measure was upgraded with a pilot measure for providing wage subsidy of up to MKD 27,700 (EUR 450) per month for people in the textile sector who lost the job due to COVID-19 pandemic, from three regions in the economy, but the envisaged budget funds for implementing the measure remained unspent<sup>26</sup>.
- ⊙ Employment and growth of legal entities – an instrument that supports the creation of new jobs in micro, small and medium enterprises, social enterprises and civil society organisations through grants. The measure targets youth, beneficiaries of GMA, Roma and persons who lost their job due to the COVID-19 pandemic. The employers that will use the measure need to fulfil several criteria that refer to the number of permanent employees, obligations towards public institutions, financial result in the previous year, etc.
- ⊙ Supporting the employment of persons with disability – a mix of interventions directed towards increasing the employability and employment opportunities for disabled. The measure includes work training, grants for workplace adaptation, and equipment purchase and wage subsidies for employing a disabled person. Although the measure is a mix of different interventions, it is classified as a direct job creation programme in the Operational Plan for ALMPs.

## 3. Training

The training aims to improve the skills and qualifications of unemployed persons for their more successful labour market integration. In 2021, the following training programmes were available, targeting different groups such as Roma, people at risk of social exclusion, GMA beneficiaries, youth, disabled, etc.:

- ⊙ On-the-job training to support the unemployed to acquire skills for performing job tasks in accordance with the needs of the employer;
- ⊙ Professional qualifications training at the request of employer to support the unemployed to acquire professional qualifications in accordance with the employer's needs;
- ⊙ Online training for skills to match employer's needs to support the unemployed to acquire skills needed by the employer;
- ⊙ Training for in-demand occupations to support the unemployed to acquire skills for occupations that lead to green jobs and e-commerce;

- ⊙ Training for drivers to support the unemployed to acquire a driving licence for C and D category;
- ⊙ Training in IT skills to support the unemployed to acquire advanced IT skills according the market needs.

Three of the available trainings are conducted at the workplace, while the other are marked as institutional training organised in training centres or other suitable venues. In order to steer training participation, PES provides a monthly allowance of MKD 9,000 (EUR 150) to the unemployed who attend the trainings, except the training for IT skills and driving licence.

4. Internship – a kind of a workplace training that supports registered unemployed up to 34 years of age with at least high school education to acquire practical working knowledge and skills needed to perform work tasks in certain workplaces.
5. Public work – a measure that provides a wage subsidy of MKD 400 (EUR 6.5 per day) for engaging a registered unemployed with low qualifications in a municipal infrastructural and environmental projects, in a period of 22 working days. The aim of the measure is to support the inclusion of people at risk into local projects in order to steer their skills and sense for employment.
6. Care economy

The programme is a mix of training and employment incentives for increasing the skills for providing social and health services at a local level. The programme is composed of three measures:

- ⊙ Municipal useful work – a combination of training and wage subsidy for people engaged in providing social and healthcare services in the local community. The measure provides a monthly allowance of MKD 9,000 (EUR 150) to persons who attend the training and/or for engaging a certified caregiver. The measure is implemented in cooperation with LSGUs.
  - ⊙ Training and employment of people to provide care services in the community – same as the previous one, this measure is a mix of training and wage subsidy for employing a certified caregiver in private sector.
  - ⊙ Support for entrepreneurship and establishment of legal entities that provide care services in the community – a mix of start-up incentives, training and employment incentives that support the creation of new jobs through opening new business entities (future service providers) that would provide care services in the community, providing training opportunities to persons who are interested to start up such a business and wage subsidies for employing a person with completed training on providing social services at home and in the community.
7. Youth allowance – a measure that increases the incentives for employing young persons up to 23 years of age in the production sector by providing MKD 3,000 (EUR 50) monthly allowance per employed person.
  8. Youth guarantee – a mix of all available ALMPs (start-up incentives, employment incentives and training) available to all young persons up to 29 years of age in a period of four months after their registration with PES.

## 8.2.3 Supports

PES provides unemployment cash benefits to all persons who have been in employment continuously for at least 9 months, or for 12 months with interruptions in the last 18 months, and lost their job, i.e. were dismissed. Persons who resigned their employment contract, refused to work on some jobs, refused to attend a training, lost their working ability or fulfilled conditions for pension, as well as the cases when the employment contract was terminated on mutual basis are not eligible for this support.

The amount of monthly unemployment benefit is determined on the basis of calculated and paid salaries by the employer and it ranges between 40% and 50% of the average monthly net salary of the employee, depending on the duration of receiving the compensation. The compensation cannot exceed 80% of the average monthly net salary per employee at the level of economy, published for the previous month.

The monetary compensation of the unemployed person is paid for<sup>27</sup>:

- ⊙ 1 month, if there is an insurance period of at least 9 months for an uninterrupted duration or 12 months with interruptions in the last 18 months;
- ⊙ 2 months, if there is an insurance period of over 18 months to 2.5 years;
- ⊙ 3 months, if there is an insurance term of over 2.5 to 5 years;
- ⊙ 4 months, if there is an insurance period of 5 to 7.5 years;
- ⊙ 5 months, if there is an insurance term of over 7.5 to 10 years;
- ⊙ 6 months, if there is an insurance period of 10 to 12.5 years;
- ⊙ 7 months, if there is an insurance period of over 12.5 to 15 years;
- ⊙ 8 months, if there is an insurance period of over 15 to 17.5 years;
- ⊙ 9 months, if there is an insurance coverage of 17.5 to 20 years;
- ⊙ 10 months if there is an insurance period of over 20 to 22.5 years;
- ⊙ 11 months, if there is an insurance period of over 22.5 to 25 years; and
- ⊙ 12 months, if there is an insurance period of over 25 years.

The unemployed person who has over 15 years of insurance, and who has been unemployed (made redundant) for up to 18 months prior to fulfilling the conditions for acquiring the right to old-age pension shall be paid the monetary compensation until his/her re-employment, i.e. until the beginning of some of the grounds for termination of the right to monetary compensation.

27 The Law on Employment and Insurance in Case of Unemployment (Official Gazette 153/2012) does not specify the required period of employment for receiving compensation longer than 12 months.

## 8.3 Gap assessment

### 8.3.1 Gap assessment in labour market policies' classification

The analysis of the classification of the existing ALMPs compared to the EU methodology reveals inconsistencies in two directions: the classification of some measures as 'direct job creation' even though they do not support jobs that would not exist without public intervention, and mixed interventions.

First, measures classified as 'direct job creation' including wage subsidy for increasing the employment of people at social risk (measures no. 2, 2.1 and 2.2) and employment of disabled persons (measure no. 2.3) provide a monthly wage subsidy for a limited period of 3, 6 or 12 months for employing persons from eligible categories with the employers that satisfy several criteria:

- ⊙ The total number of permanent workers on the day of application and before the provision of support should not be lower than the average number of employed persons in the previous calendar year, excluding the employees who resigned their employment, and employees who use the right to pension;
- ⊙ The employer has settled all obligations based on paid wages and contributions from mandatory social security insurance;
- ⊙ The employer did not record financial loss in the previous year, unless the loss was made due to capital investments;
- ⊙ The employer has at least one permanent employee.<sup>28</sup>

This means that the nature of the job that would be subsidised is not considered; hence, any kind of job would be supported if the employer fulfils the above criteria. This measure supports jobs that would exist without the support of the public intervention, so they should not be classified as 'direct job creation' but as an 'employment incentives'. Also, this measure is mainly used by the private sector to meet the needs of employers rather than by the public and CSO sector for creating jobs of community benefit or socially useful, which is the main criteria that a measure should meet to be classified as 'direct job creation'.

Second, a large discrepancy in relation to the EU methodology exists amongst the mixed interventions. There are several measures (measure no. 2.3 'Supporting the employment of persons' with disability and all measures under class 7. Care economy) that are a mix of start-up incentives, employment incentives and training, though classified as 'Direct job creation' (measure no. 2.3) and 'Care economy' (measures no. 7.1, 7.2 and 7.3), even though this class does not exist in the EU methodology. Namely, measure no. 2.3 provides wage subsidies for employing a disabled person and training for work empowerment of the disabled, hence the interventions should be classified as 'Employment incentives' and 'Training'. Measure 7.1 'Municipal useful work' is a combination of 'Direct job creation' through providing monthly reimbursement for employing a person for providing social and health services at a local level, and 'Training' for supporting local citizens to acquire a certificate for providing such services. Likewise, measure 7.2 'Training and employment of people to provide care services in the community' is a mix of 'Employment incentives' and 'Training'

28 This criterion does not refer to CSOs.

for increasing the employability and employment of persons who would provide social and health care services in the private sector. Finally, measure 7.3 'Support for entrepreneurship and establishment of legal entities that provide care services in the community' provides grants, wage subsidies and training opportunities for stirring (self)-employment in the care service sector. Table 5 summarises these gaps.

**Table 5: Gaps between classifications used in North Macedonia and EU**

Current classification		EU classification	
Measure	Class	Measure	Class
2. Wage subsidy	Direct job creation	Wage subsidy	Employment incentives
2.1 Pilot measure for wage subsidies in the textile sector in the Eastern, Vardar, Polog and South-Western planning regions	Direct job creation	Pilot measure for wage subsidies in the textile sector in the Eastern, Vardar, Polog and South-Western planning regions	Employment incentives
2.2 Employment and growth of legal entities	Direct job creation	Employment and growth of legal entities	Employment incentives
2.3 Supporting the employment of persons with disability	Direct job creation	Wage subsidy for employment of persons with disability	Employment incentives
		Work training for persons with disability	Training
7.1 Municipal useful work	Care economy	Municipal useful work: job creation in social and healthcare services	Direct job creation
		Municipal useful work: training on social and health care	Training
7.2 Training and employment of people to provide care services in the community	Care economy	Wage subsidy for employment of people to provide care services in the community	Employment incentives
		Training on care services	Training
7.3 Support for entrepreneurship and establishment of legal entities that provide care services in the community	Care economy	Support for entrepreneurship in care sector	Start-up incentives
		Wage subsidy for employment of people in care sector	Employment incentives
		Training on care services	Training

### 8.3.2 Gap assessment in data availability on labour market policies' expenditures and participants

Publicly available data on participants and expenditures on ALMPs are very scarce. PES, within their annual reports, provides information on both items. Data on total number of entrants are available for all existing ALMPs, divided by gender only. Also, PES publishes the number of young entrants (persons up to 29 years of age) and the number of Roma entrants. Regarding the number of exits, only data on the participants in training programmes are publicly available, referencing how many of those who participated in certain training have been employed upon completion. However, PES has a rich set of micro data for each participant in a certain ALMP, following his/her record in PES before using a measure/service, as well as his/her status after completion of a certain intervention. However, these data are not in the EU format. Insufficient human resources that work on data analysis within PES has been reported as the main obstacle for the inconsistency and unavailability of this data in the public domain.

Publicly available data on ALMPs expenditures are even more impecunious. Only the total amount per measure is provided in PES annual report, without knowing the recipient of the funds (individuals, employers and/or service providers) including the basis of payment (cash payments, reimbursements, taxes and/or social contributions). According to PES, the expenditures data are not available in the needed format and, for some measures, even further calculations and analysis cannot be easily done to obtain the required data. The reasons for such obstacles are the following:

1. Some ALMPs are implemented by institutions/organisations other than PES. PES pays them the entire envisaged budget at the beginning of the implementation of the measure, yet neither monitors the spending of the budget nor receives detailed data from the implementer;
2. The understaffing of PES is the main obstacle for lack of data and analysis of ALMPs in general. According to PES, there are only two employees in the IT sector responsible for data collection who are not trained to use the EU format (lack of time and lack of specific skills);
3. The low awareness and knowledge of the EU methodology and formats, among both PES and MLSP, is also a reason for the existing inconsistency. According to PES, they have basic information and knowledge about the existing methodology, yet need additional training for acquiring a more detailed and deeper picture of the use of this methodology.

## 8.4 Roadmap for alignment of labour market policies' classification in North Macedonia

### 8.4.1 Re-classification of the existing ALMPs according to the EU methodology

The analysis of the existing labour market measures, services and support in North Macedonia showed that some are classified according to the EU methodology, but not all of them are aligned. Additionally, some are even classified within classes that do not exist in the EU methodology. A greater problem arises in the publication of data on participants and expenditures for the existing interventions, which are very sparse and do not correspond to the required EU format. The KIs consulted confirmed that the inconsistency happens due to lack of specific knowledge on the EU methodology, as well as lack of human resources in PES, especially employees who work on data collection and analysis. According to KIs, the number of employees who work with data on ALMPs participants and expenditures is very small, so data processing according to the required format is currently almost impossible or would place an insurmountable burden onto daily operations.

Hence, the existing gaps in knowledge and human capital limited the alignment process, and should be immediately remedied. Firstly, capacity building of both PES and MLSP staff on the classification and publication according to the EU methodology is needed, so the employees would acquire theoretical and practical skills for using the EU methodology during classification and pertinent data publication. Second, increasing the human resources of PES, with people who would be appropriately equipped with skills and would subsequently work on these issues, is mandatory.

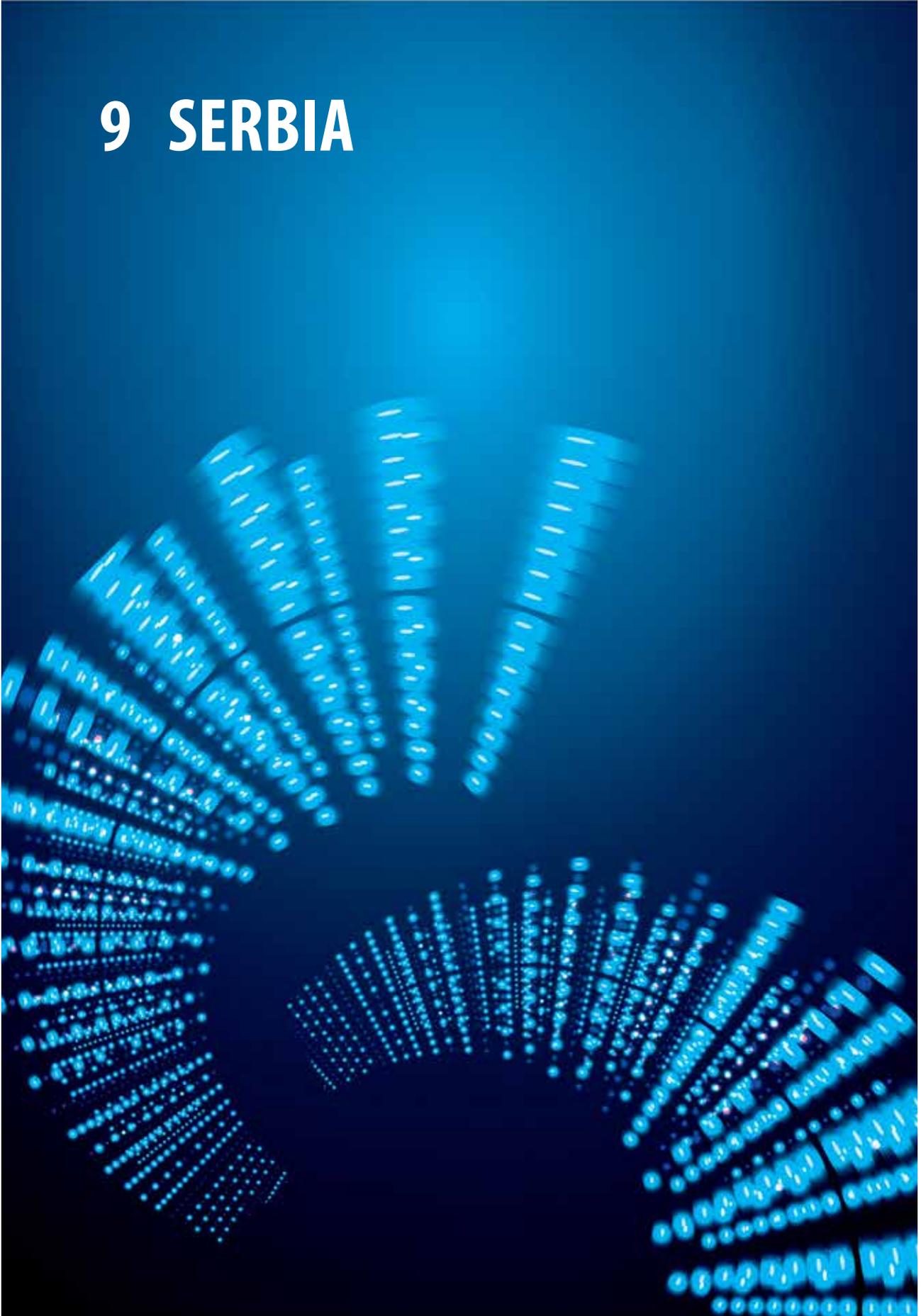
In the short-term, participating in capacity building activities of the applicable EU methodology is needed, especially on modules for collecting and analysing data on participants and expenditures, as well as their publication in the EU format. Hiring an external consultant who would help the institutions to use the EU methodology, especially for analysis of data on participants and expenditures, may also immediately eliminate the biggest obstacle of PES, lack of human resources. Also, in the short-term, MLSP and PES should re-classify the existing measures and services according the EU methodology, so the Operational Plan of ALMPs for 2024 should be made according to the EU guidelines. The proper classification of the existing measures and services is shown in Table 6 .

**Table 6: Classification of LMPs implemented in North Macedonia according to the EU methodology**

Class	Measure
<b>Start-up incentives</b>	Support for self-employment – entrepreneurship (current measure 1)
	Support for entrepreneurship and establishment of legal entities that provide care services in the community (current measure 7.3)
<b>Direct job creation</b>	Municipal useful work: job creation in social and healthcare services (current measure 7.1)
<b>Employment incentives</b>	Wage subsidy (current measure 2)
	Employment and growth of legal entities (current measure 2.2)
	Wage subsidy for employment of persons with disability (current measure 2.3)
	Public work (current measure 6.1)
	Wage subsidy for employment of people to provide care services in the community (current measure 7.2)
	Wage subsidy for employment of people in care sector (current measure 7.3)
	Youth allowance (current measure – not classified)
	Youth Guarantee – wage subsidy for employment of young persons (current measure – not classified)
<b>Training</b>	Work training for disabled persons (current measure 2.3)
	On-the-job training for a known employer (current measure 3.1)
	Training for professional qualifications at the request of the employer [current measure 3.2(a)]
	Professional trainings according to the request of the employers [current measure 3.2(b)]
	Online training for skills according employers needs [current measure 3.2(c)]
	Training for in-demand occupations (current measure 3.3)
	Training for drivers - C and D category (current measure 3.4)
	Training for advanced IT skills (current measure 4.1)
	Internship (current measure 5.1)
	Motivational training (currently classified as service)
	Training “Preparation for employment and work” (currently classified as service)
	Youth Guarantee – Training to young people (current measure – not classified)
<b>Services</b>	Assistance in searching for a job
	Professional orientation and career counselling
	Activation of unemployed Roma and other groups at risk of social exclusion
	Mediation in employment
	Services for employers
	CAM - counselling and motivation of GMA beneficiaries
	Youth guarantee – services for young people

According to PES, the last ALMPs impact evaluation was conducted eight years ago by independent consultants, and since then, the existing ALMPs have been rarely monitored and have not been (rigorously) evaluated. The lack of M&E results in replication of the same measures from year to year, disregarding their impact in the past or changing circumstances. Hence, in the medium- to long- term, building a system/software for regular monitoring and performance evaluation of ALMPs implementation and impact is crucial for improving the future ALMPs according the labour market needs. Conducting rigorous impact evaluation, possibly by external evaluations, from time to time, is likewise a 'must' to showcase results and direction of ALMPs. Altogether, this should reduce the risk of spending public funds for inefficient programmes, potential beneficiary misuse, and ultimately it would increase the impact of ALMPs on the labour market outcomes. Both PES and MLSP should also consider developing a uniform software, which would easily analyse the collected data and produce tables on participants and expenditures in the requested format. However, the most important is equipping PES with the necessary personnel for successful implementation of the foreseen labour market measures and services.

# 9 SERBIA



## 9.1 Mandates for labour market policies

According to the Law on Employment and Insurance in Case of Unemployment (Official Gazette of Serbia, No. 36/09, 88/10, 38/15, 113/17 - other law and 49/21), the employment tasks (labour market policies) are carried out by the economy's Employment Service (NES) and employment agencies.

NES is in charge of employment tasks, unemployment insurance, exercise of rights to unemployment insurance, and other rights in accordance with the law. It also handles record-keeping in the field of employment, as well as professional, organisational, administrative, economic-financial, and other general tasks related to employment and unemployment insurance, in accordance with the law, its statute, and other acts of the Employment Service.

According to the same law, employment agencies are established by legal and physical entities for the purpose of performing employment tasks, including: 1. informing about employment opportunities and conditions; 2. mediation in employment both domestically and abroad; 3. professional orientation and career planning advice; 4. implementation of certain measures of active employment policy, based on contracts with the economy's Employment Service. Currently, there are 107 such agencies registered in NES records. However, given that these are private institutions, the essence of labour market policies fundamentally rests with NES.

NES plans the implementation of employment policy measures based on: the Action Plan for the period from 2021 to 2023 for the implementation of 2021-2026 Employment Strategy of Serbia; Financial Plan of for the year 2021; and Performance Agreement for the year 2021, concluded between the Ministry of Labour, Employment, Veterans and Social Affairs and NES, with the aim of performance management and monitoring the effectiveness of implementing active employment policy measures. These measures are implemented in accordance with the Law on Employment and Unemployment Insurance (Official Gazette, No. 36/09, 88/10, 38/15, 113/17 - other law and 49/21), Regulation on Criteria, Methods, and Other Significant Issues for Implementing Active Employment Policy Measures (Official Gazette, No. 102/15, 5/17, 9/18), and the Statute of the Employment Service (Official Gazette, No. 2/10, 43/11, 16/12, 90/15).

Sources of finance for LMPs in Serbia differ for active employment policy measures and for cash compensation in the case of unemployment.

Financial funds for the implementation of all active employment policy measures are secured according to NES financial plan for 2021 from unemployment insurance contributions and the budget of the government of Serbia, as well as from the Budget Fund for Vocational Rehabilitation and Employment Incentives for Persons with Disability. Additional funds are provided from the budget of the autonomous province and local self-government units for participation in the implementation of active employment policy measures envisaged in local planning documents in the field of employment. The entities responsible for this activity are the Department for Employment Programmes and Entrepreneurship, Department for Education and Training, Department for Professional Rehabilitation and Employment of PWDs - Employment Support Sector, Unemployment Insurance and Legal Affairs Sector, and NES Branches.

Cash compensation in the case of unemployment is financed from the unemployment insurance contributions. The entities responsible for this activity are the Department for Exercise of Rights Arising from Unemployment Insurance, which operates within the Sector for Unemployment Insurance and Legal Affairs, as well as the branches of NES.

## 9.2 Types of interventions

Out of total of 40 LMP interventions mapped for the year 2021, NES was implementing 27 measures, 10 services, with only 3 supports interventions available. Although there are only 5 sheltered and supported employment and rehabilitation interventions, most interventions have quotas for vulnerable groups such as persons with disabilities but they also track implementation for women, long-term unemployed and redundant employees.

### 9.2.1 Services

When it comes to LMP services, most of them (7 out of 10) are related to employment mediation and professional orientation and career planning.

With regard to employment mediation, there are the following interventions:

- 1) **Employer visits** - Their main aim is to establish direct contact with employers in order to: meet the reported needs of employers for employing individuals from NES records; explore future employment needs of employers; establish cooperation with newly established employers and those who have not approached NES for employment mediation in the last two years; and provide information about active employment policy measures and NES services aimed at employing individuals with lower employability. The beneficiaries include employers. It is a continuous activity according to the branch's schedule, defined on a monthly basis, which includes a list of specific employers and NES staff who will implement this activity.
- 2) **Employment mediation** - Their main aim is to increase the number of available jobs that employers report to NES for employment mediation, meet the expressed needs of employers, and increase the number of jobseekers directed to vacant job positions. The beneficiaries include employers and individuals who are seeking employment. The activity is carried out continuously throughout the year, as follows: through the mediation of employment advisors/ advisors for the employment of persons with disabilities who record the Job Vacancy Notifications, conduct preliminary candidate selection based on the conditions defined in the Job Vacancy Notification; inform and refer the pre-selected individuals to the employer for the purpose of selection for employment/engagement; provide information and advice to the employer; and monitor implementation of mediation and meeting the expressed employer's needs for employment/engagement, through internet mediation on NES website.
- 3) **Employment counselling** – The main aim is to provide support to jobseekers and the main beneficiaries include jobseekers. The intervention works as follows: an employment counsellor/employment counsellor for persons with disabilities conducts direct structured individual conversations with jobseekers, which consist of: informing them about their rights and obligations as jobseekers; services and measures provided by NES; conditions and possibilities for employment; gathering information about the job market's state and trends; assessing the level of necessary assistance and support based on the evaluation or self-assessment of employability; establishing an individual employment plan; providing counselling during the active job search process; providing advice on other relevant factors for enhancing employability and finding employment.

- 4) **Individual employment plan** – The main aims include: providing support to persons seeking employment based on an employability assessment; and defining the activities that would be undertaken by a person who, on the basis of self-assessment, declares that he/she is able to find employment independently without the support of NES through inclusion in active employment policy measures. The target beneficiary of this intervention are jobseekers. This intervention works as follows: for jobseekers who are capable and immediately ready for work and who have declared that they need support from NES, the employment advisor for the employment of persons with disabilities performs an employability assessment and agrees on an Individual Employment Plan within the legally stipulated deadlines. The measures and activities foreseen in the individual employment plan are adapted to the needs of the labour market and the characteristics of the unemployed at least once every six months.

When it comes to career planning, the interventions include:

- 5) **Information about career development opportunities** - The two main goals of this activity are: enhancing the competence of users in making informed career decisions through the process of providing information about the world of work and education, career management skills, as well as other career development-related information necessary for planning, achieving, and maintaining employment or choosing occupations/continuing education; and prevention of incorrect career choices or educational directions. The beneficiaries include: elementary and high school students; college/university students; jobseekers; employed individuals who wish to change their occupation; and representatives of educational institutions. Collection, organisation, and distribution of information about the work and education include: individual and group direct information provision to users in Information and Professional Counselling Centres (IPC Centres), at career fairs, and other events; indirect information provision through electronic media (websites, TV, radio) and print media (guides and brochures).
- 6) **Counselling on career development opportunities** – The main aims of this intervention are: increasing the competence of all interested individuals in making decisions related to the choice of occupation/educational path; encouraging successful professional adaptation and career development of individuals; and equipping individuals with the ability to understand their own characteristics, perceive the world of work and education, set goals, and make decisions regarding career development. The target beneficiaries include jobseekers, employed individuals who wish to change their occupation, potential entrepreneurs, students in their final years of elementary and high school, and college/university students.
- 7) **Selection** - The main goal of this intervention is to align candidates' professional potentials with the requirements of the job position/training programme. The target groups are: jobseekers; candidates for inclusion in additional education and training measures; and candidates for inclusion in entrepreneurship development training. This activity involves a psychological assessment of the compatibility of individual characteristics of jobseekers with the demands of the job/position or with the required criteria for participation in active labour market measures. This is an ongoing activity carried out throughout the year.

The rest of the LMP services include:

- 8) **Job fairs** – The aim of this intervention is to effectively address the employment requirements associated with specific profiles, as expressed by a considerable number of employers. The target

beneficiaries include employers, and individuals who are seeking employment. Direct contact between employers who have expressed demand for specific profiles and jobseekers who largely meet the specified requirements is made by: providing spatial and technical conditions; informing, assessing needs, and inviting employers; preliminary selection of jobseekers based on the conditions expressed in the employment needs reported; informing and referring preliminarily selected candidates to participate in job fairs. The scheduling of job fairs throughout the year is determined by estimated needs in the local labour market and capabilities of NES branches. NES may bear the costs of providing the necessary spatial and technical conditions for implementation of job fairs in accordance with the available financial resources.

- 9) **Employment caravans** – Two main aims of this intervention are to provide support to regional and local employment policies, and increase the effectiveness of employment policies focused on vulnerable groups. The target beneficiaries include hard-to-employ individuals who are not registered with NES. The activities are carried out through field visits by NES mobile teams. This is a continuous activity implemented throughout the year.
- 10) **Programmes for resolving employee redundancies** – The main aim of this activity is to encourage the employment of potential surplus employees. The target groups include: employed individuals who are no longer needed; employed individuals for whom the need has ceased; employers indicating an excess of employees; and employers employing surplus employees. This activity is implemented through: establishing cooperation with employers facing surplus employees and trade unions in order to inform potential surplus employees and involve them in measures they have expressed interest in through questionnaires; establishing cooperation with employers expressing employment needs in order to inform them about programmes and measures implemented by NES and employment opportunities for potential surplus employees and surplus employees; establishing cooperation with local self-governments and employment councils to define proposals for programmes and measures implemented through local public funds; and monitoring the implementation of obligations undertaken by NES based on Loan Agreements for development and restructuring of enterprises in Serbia. It is a continuous activity implemented throughout the year.

## 9.2.2 Measures

When it comes to measures, training accounts for most of them (10), followed by employment incentives (8).

With regard to **training interventions**, 80% of them are institutional trainings while the rest are workplace trainings. These trainings are not only focused on promoting employability of jobseekers, but also on acquiring other useful skills such as communication, decision-making, entrepreneurship, stress management as well as providing psychological support and motivation for persons who experienced job loss. When it comes to target groups, there are specific training interventions for virtually every group including youth, disabled persons, people with secondary education, etc. These trainings are implemented in various ways. With regard to duration, they range from one day to twelve months. In addition, most interventions are implemented at the request of an employee while one is implemented at the request of an employer.

When it comes to **employment incentives**, most of them include internships, which target basically all groups such as youth, unemployed with secondary and higher education, hard-to-employ individuals, people with disabilities, etc. They function either through direct cash benefits for participants paid by NES or through reimbursements to employers who are paying wages.

Other measures include sheltered and supported employment and rehabilitation (5), start-up incentives (3), and only one direct job creation intervention.

**Sheltered and supported employment and rehabilitation** include providing workplace accommodation, professional support, wage subsidy for employment of disabled persons without work experience, and advisory services and assessment of workability and employment potential of disabled persons. These interventions work either as a one-time refund of reasonable costs or reimbursements of wages for employers hiring disabled persons, subsidy of contributions for mandatory social insurance to employers who employ persons with disabilities or as advisory services to employers hiring disabled persons.

**Start-up incentives** are mainly focused on promoting entrepreneurship and creation of small and medium-sized enterprises. When it comes to target groups, they include unemployed persons with a special emphasis on youth, surplus workers, Roma, persons with disability, and women.

**Public works** is the only direct job creation intervention classified as such according to Eurostat guidelines. It is an active employment policy measure with the aim of engaging hard-to-employ persons and persons in a state of social need, and with the aim of preserving and enhancing their work ability as well as to preserve a certain social interest. Public work is carried out by an employer - a public work contractor, who is appointed by NES on the basis of a public competition. Public works can be carried out in the areas of social protection and humanitarian work, maintenance and renewal of public infrastructure, maintenance and protection of environment and nature. Also, they can be implemented in cultural activities where only unemployed persons with disabilities are engaged. The target group are hard-to-employ persons: beneficiaries of financial social assistance who are able to work, Roma, people who have not completed high school, people who have been looking for work for longer than 18 months, persons with disability. The funds allocated to public works are used for payment of compensation for performed work (including costs of travel to/from work), costs of implementation of public works and training costs (NES retains the right to assess whether the training is necessary).

### 9.2.3 Supports

As already mentioned above, there are only 3 support interventions and all of them belong to the category of out-of-work income maintenance and support.

- 1) **Cash compensation in the case of unemployment** – The aim of this intervention is handling of the requests of unemployed persons for the exercise of the right to monetary compensation. Target groups include: unemployed persons whose employment relationship or mandatory unemployment insurance has ended, whose requests for monetary compensation are decided in the first and second instance administrative proceedings; and unemployed, companies, organisations for mandatory social security insurance, central register of compulsory social insurance, other establishments and institutions. Achieving the rights from unemployment insurance implies resolving requests and proceeding in the first and second-instance administrative procedure. Additionally, relevant activities include: ensuring the uniform application of regulations related to unemployment insurance; initiating and conducting procedures for the forced recovery of improperly paid monetary compensation before competent courts; coordinating activities in the field of e-Government; preparing approvals for accessing data from registries of the unemployed; activities related to the use of data from the Unified Insurance Registry of the Central Registry of Mandatory Social Insurance; participating in the work of working groups formed at the level of ministries or the

Government of Serbia to draft laws and other regulations; informing unemployed individuals and employers about laws, sublegal regulations, collective agreements, and other general acts related to unemployment insurance through the NES Portal, public media, notifications, informative brochures, and direct contact. Beneficiaries of cash compensation in case of unemployment are enabled to use cash compensation for the purposes of self-employment as well as an employment incentive.

- 2) **Temporary financial compensation** – The main goals of this intervention is efficient management of records for recipients of temporary allowance and its timely payment. Target groups include displaced persons. The activities under this intervention include: maintaining records of temporary allowance beneficiaries; monitoring monthly payment lists of all beneficiaries; preparing reports, information, and analyses related to the payment of temporary allowance; assisting branches in ensuring consistent procedures; handling complaints and appeals from beneficiaries; collaborating with other authorities to reach common positions on resolving contentious issues.
- 3) **Special financial allowance** – The main goal of this intervention entails efficient record keeping of beneficiaries of special financial allowance and its timely disbursement. Target beneficiaries include unemployed individuals who have obtained the right to receive special financial allowance in accordance with the Decision of the Government on the establishment of the Programme for resolving the issue of surplus employees in the process of privatisation, restructuring, and preparation for privatisation. Activities under this intervention include: efficient maintenance of records on recipients of special financial allowance; control of monthly payment lists for all recipients of special financial allowance; establishment of methodological unity and provision of expert assistance to branches in carrying out the record-keeping tasks related to recipients of special financial allowance; verification of facts and determination of grounds for continuing the payment to recipients of special financial allowance due to changes in conditions for pension entitlement in accordance with pension and disability insurance regulations; handling of parties' submissions; preparation of reports, information, and analysis regarding the payment of special financial allowance; and collaboration with relevant economy's authorities and institutions in implementing the decisions of the Government of Serbia.

## 9.3 Gap assessment

### 9.3.1 Gap assessment in labour market policies' classification

When comparing NES practice in classifying LMP interventions with the Eurostat methodology (see section 2.1) it can be noted that some differences exist. Table 5 compares NES classification with that of Eurostat according to the description of the examples of interventions implemented in 2021.

**Table 7: Gap in classification of examples of LMP interventions in Serbia**

Intervention name	Current classification			Classification according to EU methodology		
	In English	Class	Components	Sub-component	Class	Components
Employer visits	Active employment policy measures	Employment mediation	/	1 Labour market services	1.1 Client services	1.1.1 Information services
Training for active job search	Active employment policy measures	Active job seeking measures	/	2 Training	2.1 Institutional training	/
Internship	Active employment policy measures	Additional education and training	/	4 Employment incentives	4.1 Recruitment incentives	/
Subsidies for self-employment	Active employment policy measures	Subsidised employment and self-employment	/	7 Start-up incentives	/	/
Public works	Active employment policy measures	/	/	6 Direct job creation	/	/
Work place accommodation	Active employment policy measures	Measures of active employment policy for persons with disability who are employed under special conditions	/	5 Sheltered and supported employment and rehabilitation	5.1 Sheltered and supported employment	/
Cash compensation in the case of unemployment	Achievement of rights from unemployment insurance and other rights	/	/	8 Out-of-work income maintenance and support	8.1 Full unemployment benefits	8.1.1 Unemployment insurance

As it can be seen in Table 7, NES groups its interventions in two classes: 1) Active Employment Policy Measures, and 2) Exercise of Unemployment Insurance and Other Rights. This means that Active Employment Policy Measures essentially combine Services and Measures in Eurostat methodology, while Unemployment insurance corresponds to Supports in the Eurostat methodology.

When it comes to components, they are also not classified according to the Eurostat's methodology. For instance, as it can be seen in Table 7, measure 3.1 *Training for active job search* is classified as Active job seeking measure while it should be classified as Institutional training according to Eurostat's methodology. In addition, NES does not even break down its interventions into subcomponents like Eurostat does.

However, according to the information gathered from KIIs, since this is just a technical thing, there are virtually no obstacles for including these types of classification in NES regular reports, and it would require just clear methodological instructions to do so.

### 9.3.2 Gap assessment in data availability on labour market policies' expenditures and participants

Generally speaking, data on measures exist to a large extent, but are scattered across different reports. They are not organised nor easily accessible in the same fashion as the Eurostat database.

#### Data on participants

When it comes to participants, there are no significant deviations from the Eurostat's methodology. When it comes to age distribution, it is only necessary to change the age groups: instead of up to 20 years, it should be up to 25 years; instead of 30 to 50, it should be 25 to 54; instead of 50+, it should be 55+. There are interventions that do not provide any age data in the published reports such as employer visits, employment mediation, employment counselling, individual employment plans, information and counselling on career development opportunities and selection (for psychological assessments). However, these are not overwhelming and NES does internally collect the data on age for every intervention. Regarding the distribution of participants based on the duration of unemployment, data are available only for the long-term unemployed – that is, 12+ months, and in certain cases for 18+ months. However, data are needed for those unemployed for less than 6 months, as well as for those unemployed for 6 to 12 months. Additionally, cross-sectional data based on age, gender, and duration of unemployment are not publicly available (e.g. the extent of participation of women, those under 25 years of age, seeking employment for less than 6 months). Lastly, for a significant portion of interventions, data about the outcomes of participants after leaving the programme is not publicly available – whether they got employed, how many continued to be unemployed or inactive, etc. On the other hand, there are interventions for which we do have public data such as employment mediation or job search club. However, NES internally keeps track of exit destination for all measures. Based on the information gathered from KIIs, the data is currently not reported according to the Eurostat's methodology since NES was not asked to do this. However, this would be rather easy to change and accommodate reporting to the Eurostat's needs.

#### Data on expenditures

Expenditure side of measures is not publicly available for non-financial measures. Although it can be gathered by directly approaching NES, the main issue revolves around desegregation of expenditures. These expenditures are not classified based on whether the money goes to 1) intervention participants, 2) employers, or 3) service providers, or according to the nature of disbursement – periodic or one-time payment of money, expense reimbursements, covered social insurance, taxes, etc. According to the information gathered from KIIs, NES possesses the data on all LMP measures' total costs but they are not sure how to allocate the administrative costs of interventions. For instance, the employees at NES (such as counsellors) receive monthly salaries for their work while most of them work on numerous interventions at once. Therefore, NES should be provided with clear and precise methodology on how to trace these costs for every single intervention (we could not find such instructions in the Eurostat's methodology for LMPs).

## 9.4 Roadmap for alignment of labour market policies' classification in Serbia

According to the information gathered from KIs, the main reason for non-alignment of NES LMP reporting with the Eurostat's methodology and the lack of public data availability is that nobody has officially requested them to do so. They stated multiple times that if they had clear and precise guidelines and methodology, addressing this issue and generating the same report would not be an issue (especially since the reporting frequency is not high). There are no obstacles or issues regarding this specific task, besides the lack of formal guidelines and a request to the Ministry of Labour as a chief institution in charge of labour market policies, under which NES operates, to do so. The Ministry of European Integration should be part of the communication as a chief institution for communication with the EU. Therefore, the timeline would be defined when they formally start with the process. However, there is one general issue - the lack of labour and financial capacities (especially with regard to IT sector and analytics) but that is not something unique to NES.

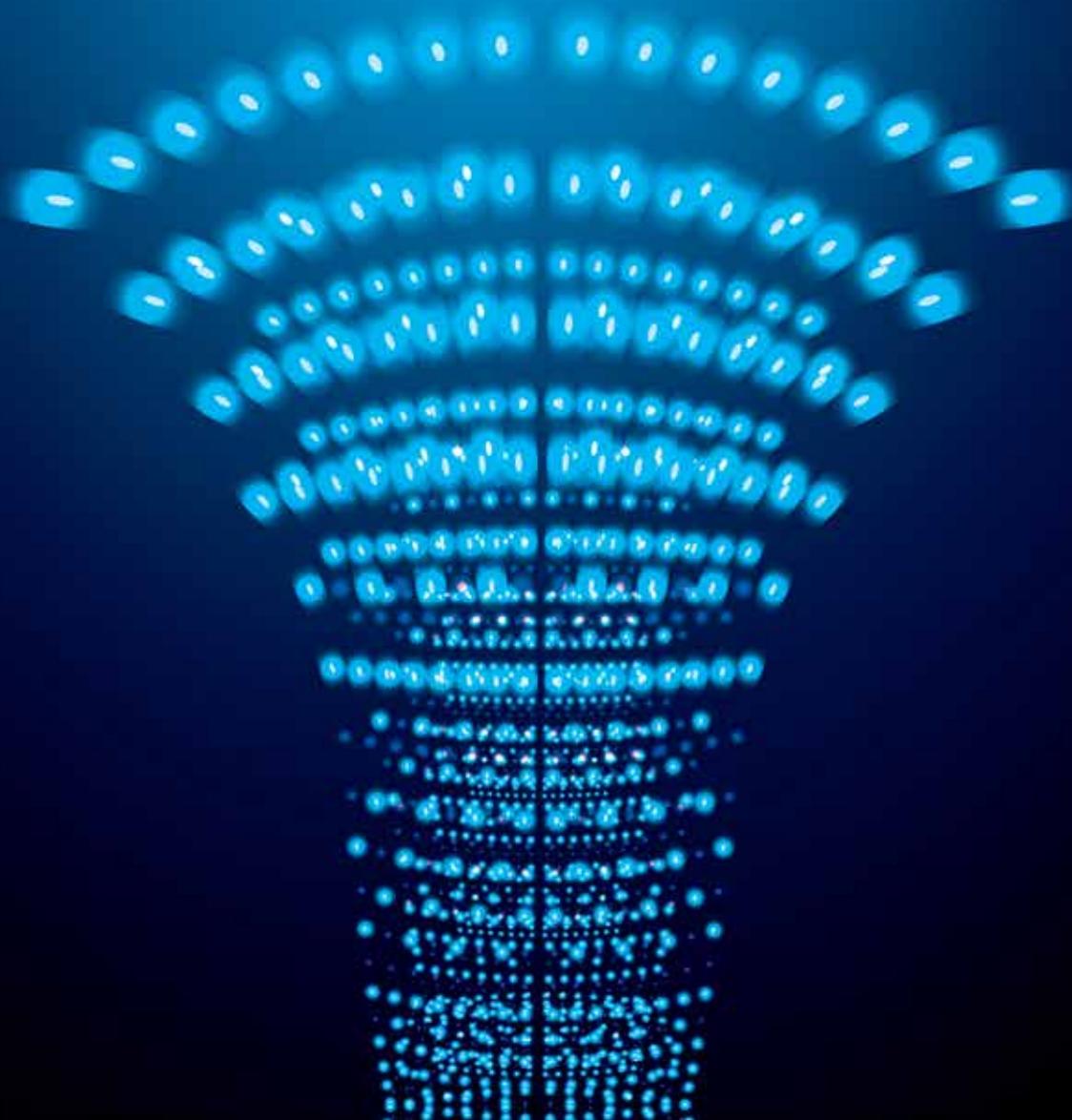
Therefore, the most suitable approach for implementing this reform should be streamlined as follows:

- 1) Formal request to implement this activity.** Public bodies and agencies in Serbia, and NES especially, have already conducted several projects together of similar scale with regional organisations and/or European Commission. NES expressed willingness to cooperate pointing out that such an instrument would help them compare to the rest of the WB economies and the EU peers.
- 2) Data availability.** NES has a very rich internal database, which can be used to generate many kinds of reports, including the one that would be the same as Eurostat's.
- 3) Data preparation.** NES classification of interventions is not fully aligned with the Eurostat's requirements. However, it is rather similar, and eventual differences could be easily overcome once the official methodology is supplied to NES. The NES KIs point out that it would require particularly detailed methodological framework when it comes to assigning monetary costs to both financial and non-financial interventions. These include salaries and compensations for the NES employees, depreciation costs and similar which cannot be assigned automatically to a particular intervention.
- 4) Training.** Once methodological material is ready and supplied to NES, training sessions and study visits would be particularly useful implementation step in the alignment process. The purpose of these visits would be twofold: first, NES could address all the necessary issues that they might have regarding the methodology implementation; second, they could draw inspiration from other economies in terms of implementation of some key interventions for labour market of Serbia (Youth Guarantees and all interventions that target the long-term unemployment and person that face serious difficulties to find employment). In addition, all trainings on statistical analysis and data interpretation would be very beneficial to them.
- 5) General considerations.** NES faces significant manpower and financial resource shortages. However, given that the frequency of reporting in the case of this assignment is relatively low, the benefits outweigh the associated costs.

With regard to timeframe, the methodological materials and training (especially for the allocation of costs for administration of LMP interventions) are the most important activities and should be done first. In the long-term, procurement and upgrade of IT equipment and infrastructure, employment of new staff, and training in data analysis should be the priorities.

The sole identifiable risk is the potential obstacle that may arise if NES does not timely coordinate these activities with the Ministry of Labour, Employment, Veteran, and Social Policy. However, this risk probability is assessed as low.

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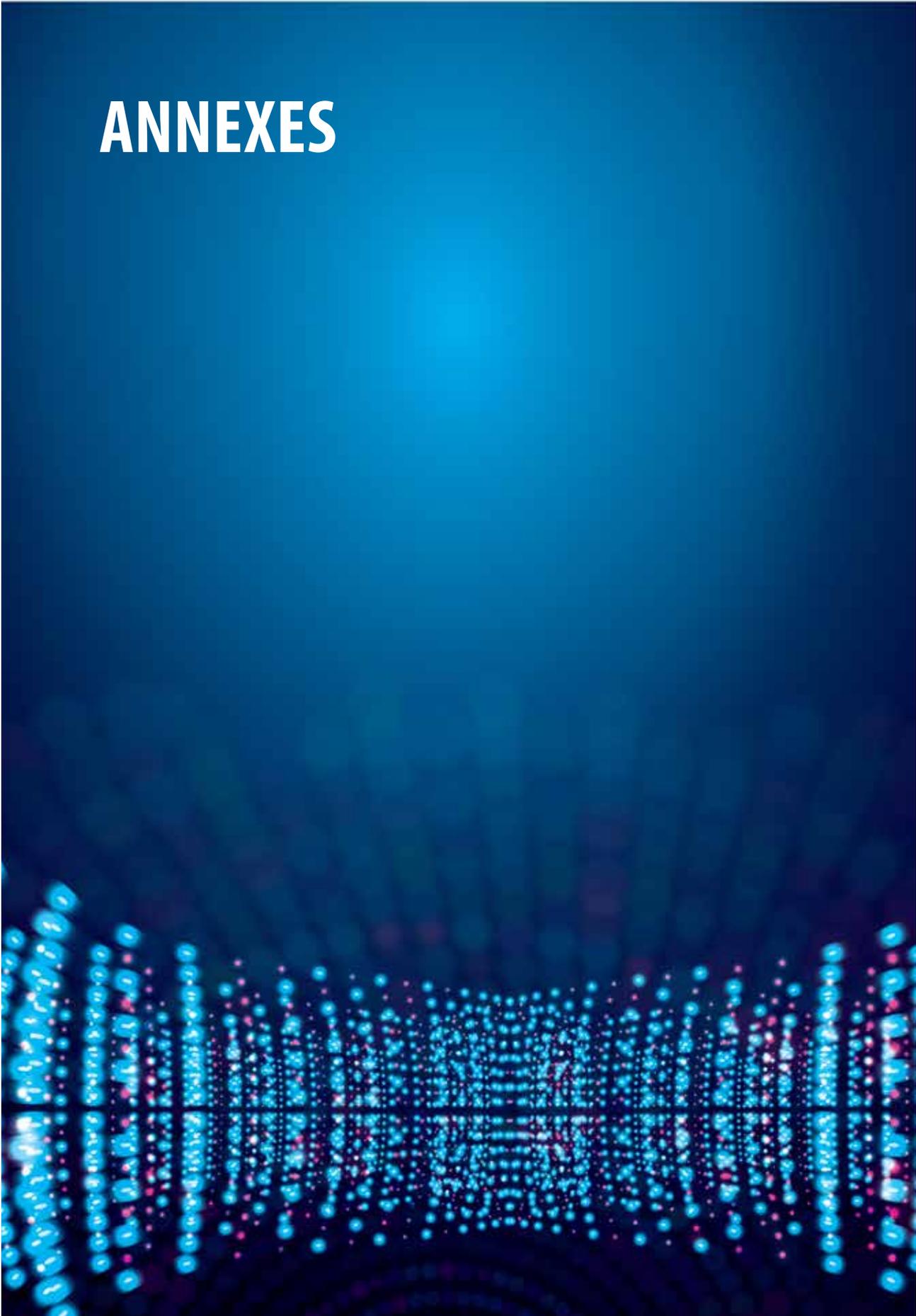
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# ANNEXES



# Annex 1: Classification of interventions by type of action<sup>29</sup>

## LMP services

- 1 Labour market services
  - 1.1 Client services
    - 1.1.1 Information services
    - 1.1.2 Individual case management
  - 1.2 Other activities of the PES
    - 1.2.1 Administration of LMP measures
    - 1.2.2 Administration of LMP supports
    - 1.2.3 Other services / activities
  - 1A Adjustment for double-counting, category 1

## LMP measures

- 2 Training
  - 2.1 Institutional training
  - 2.2 Workplace training
  - 2.3 Alternate training
  - 2.4 Special support for apprenticeship
  - 2A Adjustment for double-counting, category 2
- 3 Employment incentives
  - 3.1 Recruitment incentives
    - 3.1.1 Permanent
    - 3.1.2 Temporary
  - 3.2 Employment maintenance incentives
  - 3.3 Job rotation and job sharing
    - 3.3.1 Job rotation

29 <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8126&furtherPubs=yes>

### 3.3.2 Job sharing

3A Adjustment for double-counting, category 3

## 4 Sheltered and supported employment and rehabilitation

4.1 Sheltered and supported employment

4.2 Rehabilitation

4A Adjustment for double-counting, category 4

## 5 Direct job creation

5A Adjustment for double-counting, category 5

## 6 Start-up incentives

6A Adjustment for double-counting, category 6

## **LMP supports**

## 7 Out-of-work income maintenance and support

7.1 Full unemployment benefits

7.1.1 Unemployment insurance

7.1.2 Unemployment assistance

7.2 Partial unemployment benefits

7.3 Part-time unemployment benefits

7.4 Redundancy compensation

7.5 Bankruptcy compensation

7A Adjustment for double-counting, category 7

## 8 Early retirement

8.1 Conditional

8.1.1 Full

8.1.2 Partial

8.2 Unconditional

8.2.1 Full

8.2.2 Partial

8A Adjustment for double-counting, category 8

## Annex 2: List of conducted KIIs

Name of institution	Date of interview	Economy
Employment and Skills Agency (Labour Market Information Sector, Planning and Performance Sector, General Management)	15.09.2023.	Albania
Employment Institute in Federation of Bosnia and Herzegovina	18.07.2023.	Bosnia and Herzegovina
Labour and Employment Agency of Bosnia and Herzegovina	25.07.2023.	Bosnia and Herzegovina
Employment Institute in Republika Srpska	26.07.2023.	Bosnia and Herzegovina
Employment Institute in Brčko District	26.07.2023.	Bosnia and Herzegovina
Employment Agency of Kosovo*	14.08.2023.	Kosovo*
Ministry of Finance, Labour and Transfers of Kosovo*	16.08.2023	Kosovo*
Directorate for access to the labour market	28.07.2023.	Montenegro
Employment Institute of Montenegro, Sector for Records, Statistics and Research in the Field of Employment	07.08.2023.	Montenegro
Employment Institute of Montenegro, Head of the Sector for Active Labour Market Measures	09.08.2023	Montenegro
Ministry of Labour and Social Policy	26.07.2023	North Macedonia
Public Employment Service	28.07.2023	North Macedonia
Public Employment Service	09.08.2023	North Macedonia
National Employment Service (NES)	25.06.2023.	Serbia

## Annex 3: Form for summary of KIIs

Name of the institution	
Name and surname of the person	
Role of the contact person	
E-mail address	
Phone number	
Date of interview	
Reflections on the initial research findings on identified gap	
Data availability/classification (reasons why the data are not classified in the proposed way / reasons behind the gap)	
Possible solutions and resources needed to overcome obstacles to alignment with EU practices and the timeline of implementation	
Capacity building needs, training needs, and attendance assurance at the training event	
Study visit announcement and reflections (only PES)	
Additional comments	

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