

Employment and Social Affairs Platform 2 #ESAP2

# PES Bench-learning Report Public Employment Services



Pristina, 2022

# Employment and Social Affairs Platform 2

## #ESAP2

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# Executive Summary

This report is based on the results of the PES Bench-learning in the Western Balkans facilitated by the RCC ESAP 2 project. Its main sources are the self-assessment completed by the PES according to an adapted structure of the EU PES Bench-learning exercise as well as a peer review conducted from 30 June to 1 July in Pristina.

The Employment Agency (further in text interchangeably referred to as Public Employment Services-“PES”) is an independent body within the Ministry of Finance, Labour and Transfers (MFLT). Its mandate includes the following range of tasks: the provision of employment services to jobseekers and employers; administration and implementation of the active labour market policy measures (ALMPs); provision of labour migration counselling; payment of maternity leave compensation and the proof of unemployment status as a condition for access to social assistance.

Apart from the Head Office located in Pristina, its organisational structure consists of a network of 34 municipal employment offices (local PES office) (EO), seven Vocational Training Centres (VTC) and seven Career Orientation Centres in each region. The staff of the PES currently amounts to 228 full-time equivalents.

The **services provided to the unemployed and jobseekers** (i.e. employees searching for a better job) start with their registration followed by their notification about the ALMPs offered by PES, counselling, assistance for a job search, such as compiling a CV, getting acquainted with job portals etc. and employment mediation. A personal data set collected by a counsellor during the first interview with an unemployed person is inserted into PES IT tool SIMP and is a basis for profiling. The latter allows segmentation of the registered unemployed (RU) according to their probability of becoming long-term unemployed (LTU) into three categories: (i) low-risk group to become LTU, (ii) medium-risk group to become LTU, and (iii) high-risk group to become LTU. For each of these categories, a specific type of service is anticipated, however, the specialisation of counsellors is not foreseen, and every counsellor has in his/her portfolio a mixed group of customers. The profile of the RU is updated every three months depending on the progress achieved by a person while implementing their Individual Action Plan (IAP) which may include participation in ALMP measures and searching for a job. The IAP contains obligations and activities agreed upon between the counsellor and unemployed person.

**The services to employers** are provided by the same counsellors as those who deal with the Registered Unemployed (RU) and jobseekers. These services start from the employer registration followed by the registration of a job offer/vacancy and mediation when searching and proposing a suitable candidate for the employer. Although ALMPs with the involvement of companies like on-the-job training and wage subsidies to create jobs for specific vulnerable groups on the labour market have been created and implemented, cooperation with employers remains limited. PES Information system contains data allowing the matching of job offers (employers requirements) with the profile of the unemployed, however, this system is not publicly available online.

The use of **digital channels of service provision** intensified during the COVID-19 pandemic with the launch of the web application for registration of jobseekers and employers. Nevertheless, face-to-face contacts on the PES premises remain the most popular communication approach.

The **active labour market policies (ALMPs)** of the PES cover the most popular types of ALMPs of the EU classification, specifically training, employment incentives and direct job creation. The most prominent ALMPs are on-the-job training, internships and vocational training provided by VTCs. The least populated ALMP measure is public works. The number of the PES supported self-employed is also not high. In 2021, the share of registered unemployed involved in ALMPs did not exceed 8%, though expenditure allocated to ALMPs from the total PES expenditure reaches 50%.

Due to the turbulence in the labour market caused by the COVID-19 pandemic, in 2020 the **number of registered unemployed people** during the year exceeded 168,980 compared to 70,790 in 2019. The labour market is characterised by a high inactivity rate (61.7% in 2020), and youth unemployment (49.1%). Although women tend to attain higher education levels, they remain underrepresented in employment.

To mitigate the high unemployment rate of youth and also the high NEET (youth of 15-24 years old not in education, employment or training) rate, the government has committed to implement the Youth Guarantee (YG) Scheme. Practical preparations have started in PES. A new Regulation on ALMPs has been approved which has introduced changes in the design of the measures.

Among the **strengths of the PES** identified during the peer review, the clearly defined process of target-setting and KPIs has to be mentioned as well as the IT support via SIMP of the operational PES processes. Another strength is profiling and segmentation of clients which allows for the better use of personal strong features and address individual needs and make the process of re-integration of the RUs into the labour market easier. Among strengths identified specifically by peer PES representatives is the training provided by VTCs embedded in the PES system. The advantage of such a setting is that a public procurement procedure needed in case of external service providers is not applied and this makes the process of allocation of clients to training straightforward and quick.

The **suggestions and recommendations for improvement** which are a key result of the self-assessment and the peer review focus on a number of areas. The following could be considered by the PES as a top priority: it is important to raise staff awareness on the basics of quality management in PES, and its relation to performance management; it is recommended to consider carefully on pros and cons when using an integrated counselling role i.e. one counsellor covering all PES services including placements in ALMPs as well as to make an evaluation of the individual action plans with regard their quality and effectiveness. PES relations with employers need a strong impetus. The conceptual PES approach toward employers and their role, cooperation mechanisms etc. should be communicated to the business community in a clear and understandable way. E-services for online matching of job vacancies and profiles of jobseekers if provided by PES would attract employers and inspire them to register their vacancies/job offers with PES.

Among the **inspiring practices** of the PES identified during the peer review, the profiling and segmentation of the unemployed were named the first. The provision of training by VTCs was considered a good practice stressing that these services embedded in the PES system allow for mitigating/minimising the risk that provision of the outsourced services can be blocked in certain periods due to logistical and financial capacity, or even procedural and administrative issues. Engagement of interns within PES as a support staff was acknowledged as a good approach as their potential employment at PES would bring new energy and creativity to PES.

# 1. Introduction

This report outlines the results of the 2022 Bench-learning (BL) exercise carried out by the Employment Agency (the Public Employment Service (PES)) in the framework of the WB PES Bench-learning cycle facilitated by the Regional Cooperation Council (RCC) Employment and Social Affairs Platform 2 (ESAP 2) Project. This BL exercise includes the PES self-assessment, the 1.5 -day peer review hosted by the PES and held in Pristina on 30 June -1 July 2022.

The participants of the peer review represented the peers of the PES, namely the PES in Montenegro, North Macedonia, and the Employment Agency of Federation BiH, Bosnia and Herzegovina, as well as the RCC ESAP 2 team, the local expert and the ICON expert.

The WB PES performance self-assessment follows the EU PES BL assessment framework adapted to the needs and circumstances of the WB region, to large extent it uses the EU PES excellence model as a benchmark. Compared to the first WB PES BL cycle, in addition to the core PES performance drivers, the PES performance concerning crisis management and the impact of the COVID-19 pandemic on the overall PES performance were discussed.

The time and resources invested by the Employment Agency for conducting their PES self-assessment and preparation for the peer review were critical to its success.

This report is based on the information included in the PES self-assessment, presentation made by the official representatives of the Employment Agency during the peer review and outcomes of the discussion between peer PES representatives, external and local experts and the RCC team.

The analysis of the quantitative PES administrative data for the recent three years (2019, 2020, and 2021) as was anticipated in the applied BL methodology is not feasible, as the historical data are not available from the PES data management tool. The latter provides only data in real time, so no data for previous periods can be extracted. Therefore, this report presents historical PES data available in the annual report published by the Employment Agency (Raporti "Punësimi dhe Aftësimi Profesional, 2021").

Some qualitative information provided by the local expert, such as the list of the active labour market policy measures (ALMPs) and their characteristics, were extracted from the Operational Manuals for the implementation of ALMPs applicable during the period covered the project, and were not discussed with the PES staff, especially in the local PES offices working directly with clients.

## 2. Description of the PES

The Employment Agency/PES is an independent body (a legal entity) within the Ministry of Finance, Labour and Transfers (MFLT). It is led by its Director appointed by the Ministry and supported by the Advisory Board<sup>1</sup>. The latter includes nine members; five of them represent governmental institutions MFLT, Ministry of Industry, Entrepreneurship and Trade, Ministry of Education, Science, Technology and Innovation (MESTI), Ministry of Culture, Youth and Sports (MCYS), and National Qualifications Authority; three members represent social partners – Chambers of Commerce, Sectoral Employers' Associations, and Workers' Unions, and the last but not the least – the Association of Municipalities.

The list of the PES strategic stakeholders includes these organisations as well as several other ministries and government authorities like the Ministry of Health, the Ministry of Internal Affairs (Department of Citizenship, Asylum and Migration), Ministry of Agriculture, Forestry and Rural Development, Forest Agency, Ministry of Justice, Government Migration Authority, Tax administration, and the Agency of statistics.

The influence of the government authorities on the PES settings and organisational solutions is strong and prescriptive. PES goals, objectives and targets are formulated by MFLT and strongly tied with the Development Strategy, Program for Economic Reform, and employment policy defined in the Sectoral Strategy of MFLT 2018-2022.

The **PES mandate** is defined by the Law on the Employment Agency<sup>2</sup>. The PES is an executive body responsible for the

- provision of employment services
- administration and implementation of the ALMPs including vocational training
- provision of labour migration counselling
- payment of maternity leave compensation
- proof of unemployment status as a condition for access to social assistance.

The **PES administrative structure** comprises a Central Office, a network of 34 municipal employment offices (local PES office) (EO), seven (7) Vocational Training Centres (VTC) and seven Career Orientation Centres in each region.

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<sup>1</sup> According to the Article 12 of the Law, the Board does not have a decisive voice but rather provides an advice <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=8983>

<sup>2</sup> <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=8983>



Unemployment insurance does not exist, registration of unemployed and jobseekers with PES is voluntary.

PES provides services for unemployed people and jobseekers looking for a better job, and information for legal migration, employers searching for employees, and foreign nationals who intend to seek employment.

An unemployed is considered a person<sup>3</sup> who: is not employed; is of working age over eighteen to sixty-five (65) years; is fit for work; actively looking for work; is registered in the Employment Offices; is a citizen and resident; is not a regular pupil and student, in basic studies; and is not retired.

Jobseekers are all jobseekers, including full-time or part-time workers and people who have been temporarily suspended from work.

Employment offices for able-bodied and social assistance beneficiaries issue unemployment certificates at least every 3 months<sup>4</sup>.

The strategic **PES goal** is “to reduce inactivity, increase employment, develop skills in accordance with labour market requirements and better management of the labour market.”

PES goals are translated into the following PES objectives (Table 1), for each of which the achieved progress is monitored by the following key performance indicators (KPIs):

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<sup>3</sup> According to Law no. 04 / L-083 on registration and records of unemployed and jobseekers

<sup>4</sup> The criteria for receiving Social Assistance for Category 2 are that the family has one able-bodied family member and at least one child under the age of 5 or an orphan under the care of a 15-year-old.

Table 1. **PES objectives and KPIs**

Objectives	Key performance indicators
1. Improve the quality and efficiency of public employment services	1.1. Increasing the number of unemployed registered in the EO 1.2. Increasing the number of registered vacancies (with online services, not taking into account ALMP) 1.3. Increase of realized mediations (without online services, without ALMP) 1.4. Increasing the number of Businesses that have cooperated with EO (without online services) 1.5. Increasing the level of satisfaction with PES services
2. Reform / modernise vocational training services according to the demands of the labour market	2.1. number of accredited professions 2.2. number of updated professions 2.3. % of candidates trained in public-private partnerships
3. Expand coverage and increase the efficiency of active labour market measures	3.1. number of beneficiaries in ALMP 3.1.1. number trained beneficiaries 3.2. % of young people benefiting from ALMP 3.3. % of women benefiting from ALMP 3.4. % of persons with disabilities benefiting from ALMP 3.5. % of persons from the Roma Ashkali and Egyptian communities who benefit from the ALMP 3.6. % of persons from category II social assistance who benefit from ALMP 3.7. % of persons employed 6 months after completion of ALMP 3.7.1 % of employed persons 6 months after the completion of training by VTC
4. Develop and improve analysis of various aspects of the labour market	4.1. Functional Information System for Labour market (yes/no) 4.2. number of published reports on the labour market 4.3. number of gap analyses for skills

Source: PES self-assessment

The setting of the annual PES objectives and targets is led by the Central PES office with the involvement of the local PES staff through participation in working group discussions. According to the Central PES office, the annual targets for 2022 exceed the targets of 2021 by 5%. Targets are revised every 3 months. As a rule, it is expected that 60% of each target is achieved in the first 6 months of the year.

The PES' resources policies, both financial and human, are defined and authorised by the MFLT. The most recent governmental decision on suspending hiring for the public institutions together with the ageing of the PES staff led to a significant decline in the number of PES staff, especially the frontline staff servicing customers (Table 2). This in its turn increased the counsellors' caseload

(1,000 clients per counsellor) which results in having less counsellor's time for a customer and may lead to deterioration of the quality of services.

Table 2. **PES human resources**

Indicator	2019	2020	2021
<b>Total PES staff in absolute numbers (31 December of the year in FTE)</b>	260	254	228
Year-to-year change		-2.3 %	-10.2%
<b>Front-line staff ("officials for employment services and officers for information") in absolute numbers</b>	138	115	100
Year-to-year change		-16.6%	-13%

Source: PES self-assessment

In 2021, on top of the usual core functions, the PES implemented certain measures from the Economic Recovery Package<sup>5</sup> as an additional function delegated to PES. This included the following:

- Measure 1.1 "Return to work of those who lost their place during the Pandemic"
- Measure 1.2 "Support for formalized employees"
- Measure 1.3 "Employment Support for Women"
- with the budget of EUR 6,825,190 added to the annual budget of PES operations for this year (Table 3).

Table 3. **PES financial resources and their spending**

	2019	2020	2021	2019	2020	2021
<b>Total PES expenditure</b>	8,249,313	6,687,552	7,764,988	100	100	100
<b>of which (in absolute numbers)</b>				<b>a share from the total, %</b>		
Expenditure for benefits	1,642,700	1,819,031	1,949,174	19.9	27.2	25.2
Expenditure for ALMPs	4,317,512	2,630,332	3,862,514	52.3	39.3	49.9
Expenditure for staff costs	1,577,523	1,599,069	1,455,707	19.1	23.9	18.8
Other running costs of PES	633,684	552,312	467,133	7.7	8.3	6.0
Other expenditures	77,894	86,808	30,460	0.9	1.3	0.4

Source: PES self-assessment report

<sup>5</sup> Payment of subsidy for non-public entities (businesses); payment of Maternity Subsidy; training of young people in the field of IT and other.

The profile of the registered unemployed is dominated by low-skilled<sup>6</sup> persons (65%) while the share of people with high education in 2021 does not exceed 8% (Table 4).

Unemployed and jobseekers registered at PES have the right to re-skilling and up-skilling and can be involved in vocational training after registration with PES. Training is one of the ALMP measures<sup>7</sup> aimed at preventing unemployment that can be arranged in the VTC that belongs to the PES system or can be outsourced and conducted by accredited education providers. However, according to the PES administrative data, the share of registered unemployed involved in ALMPs is limited and was 7.9% in 2021.

**Table 4. Profile of the unemployed registered by PES**

Indicator	2019	2020	2021
Number of registered unemployed (RUs)	70,790	168,980	82,042
Out of them, males	54.3%	55.2%	53.0%
females	45.7%	44.8%	47.0%
Out of them, low-skilled	50.1%	67.7%	64.9%
medium-skilled	37.9%	25.2%	27.3%
high-skilled	12.0%	7.1%	7.9%
Number of RUs participating in ALMPs	11,214	9,067	6,450
Out of them, low-skilled	39.3%	40.3%	30.5%
medium-skilled	44.3%	43.3%	49.1%
high-skilled	16.4%	16.4%	20.3%
Share of RUs involved in ALMPs	15.8%	5.4%	7.9%

Source: Raporti "Punësimi dhe Aftësimi Profesional, 2021"

<sup>6</sup> With educational attainment level ISCED 0-2: unskilled or with basic skills

<sup>7</sup> Cat 2. according to the classification used in the Labour Market Policy Database (LMP DB), <https://ec.europa.eu/social/main.jsp?catId=1143&langId=en#LMP>

## 3. Description of ALMPs implemented by the PES

It is acknowledged by the PES that the main goal of employment services is to increase the skills and prospects of the unemployed and to help them to get a job as soon as possible. The ALMPs administered and implemented by PES including vocational training provided by VTCs are the main PES tool in this endeavour.

The scope of ALMPs is foreseen in the annual PES work plan of the PES. Central PES Office determines its implementation by the units and the local EOs and VTCs.

The current list of AMPLs implemented is not as extensive as in most EU Member States, though includes the most traditional measures, namely:

- Internship
- On-the-Job Training
- Vocational Training
- Supporting self-employment
- Public works
- Subsidised employment (called 'wage subsidy').

Active labour market measures are addressed for different categories of jobseekers e.g. the Internship Scheme is targeted to a group of unemployed who are graduates and need professional experience, the On-the-job training scheme is more destined for the categories of skilled jobseekers, etc. As a rule, in public calls for the provision of ALMPs, the priority is given to marginalized groups, ethnic minorities, women, inhabitants of rural areas, etc.

According to the annual PES Report for year 2021, the shares of those who participated in the ALMPs in 2021 were distributed in the following way:

- 45% in vocational training
- 43.2% in internship
- 7.2% in wage subsidies
- 3.5% in in-company training.

The rest (1.1% of participants) were placed in public works or benefited from self-employment programme. The least populated ALMP measure is public works.

Table 5 presents the list of services and active labour market policy measures provided by PES (in the right column of the table, highlighted with contrasting colour) showing how do they correspond the classification of the PES services and measures of the Labour Market Policy (LMP) database (in the left column of the table) briefly introduced in the text box.

## The LMP database

LMP statistics are one of the data sources for monitoring the Employment Guidelines. The guidelines specifically refer to the provision of active labour market policies, which cover LMP measures and LMP services, and adequate social security systems, which include LMP support.

The scope of LMP statistics is limited to public interventions which are explicitly targeted at groups of persons with difficulties in the labour market: the unemployed, persons employed but at risk of involuntary job loss and inactive persons who would like to enter the labour market. Data on public expenditure and participants (stock and flows) are collected annually from administrative sources. According to the LMP methodology, labour market interventions are classified by type of action.

- **LMP services** (cat.1) cover all services and activities of the public employment service (PES) together with any other publicly funded services for jobseekers.
- **LMP measures** (cat.2 -7) cover activation measures for the unemployed and other target groups including the categories of training, job rotation and job sharing, employment incentives, supported employment and rehabilitation, direct job creation, and start-up incentives.
- **LMP support** (cat.8) covers financial assistance that aims to compensate individuals for loss of wage or salary (out-of-work income maintenance and support, i.e. mostly unemployment benefits) or which facilitates early retirement.

The quantitative data on expenditure and participants are complemented by a set of qualitative reports which describe each intervention, how it works, the main target groups, etc.

Source: <https://ec.europa.eu/social/main.jsp?catId=1143&intPagelId=3227&langId=en>

Table 5. PES provided services and ALMPs<sup>8</sup> by the LMP DB categories<sup>9</sup>

<b>1.</b>	<b>Labour market services</b> are all services and activities undertaken by the PES together with services provided by other public agencies or any other bodies contracted under public finance, which facilitate the integration of unemployed and other jobseekers in the labour market or which assist employers in recruiting and selecting staff.	
1.1.	Client services	<ul style="list-style-type: none"> <li>- Counselling of jobseekers and employers</li> <li>- Individual Action Plans</li> <li>- Job search training</li> <li>- Informing for legal migration</li> </ul>
1.2.	Other activities of the PES	- Administration of LMP measures
<b>2.</b>	<b>Training</b> covers measures that aim to improve the employability of LMP target groups through training, and which are financed by public bodies.	
2.1.	Institutional training	<ul style="list-style-type: none"> <li>- Vocational training of the unemployed people in VTCs</li> <li>- Upskilling and re-skilling of jobseekers</li> </ul>
2.2.	Workplace training	<ul style="list-style-type: none"> <li>- Internship</li> <li>- On-the-job training</li> </ul>
2.3.	Alternate training	
2.4.	Special support for apprenticeship	
<b>4.</b>	<b>Employment incentives</b> covers 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.	
4.1.	Recruitment incentives	- Subsidised employment (wage subsidy)
4.2.	Employment maintenance incentives	
4.3.	Job rotation and job sharing	
<b>5.</b>	<b>Sheltered and supported employment and rehabilitation</b> covers measures that aim to promote the labour market integration of persons with reduced working capacity through sheltered or supported employment or through rehabilitation.	
5.1.	Sheltered and supported employment	
5.2.	Rehabilitation	
<b>6.</b>	<b>Direct job creation</b> covers measures that create additional jobs, usually of community benefit or socially useful, in order to find employment for the long-term unemployed or persons otherwise difficult to place.	
		- Public works

<sup>8</sup> The list is not exhaustive but limited to the services and measures known at the time of reporting

<sup>9</sup> The following category "3. Job rotation and job sharing", is not used anymore in the Classification, thus it is excluded in this Table –this category is included in category 4, per the EC Labour market policy Statistics - Methodology 2018, downloadable at ([Publications catalogue - Employment, Social Affairs & Inclusion - European Commission \(europa.eu\)](https://publications.ec.europa.eu/publications-catalogue))

7.	<p><b>Start-up incentives</b> covers measures that promote entrepreneurship by encouraging the unemployed and other target groups to start their own business or to become self-employed.</p>
	- Self-employment supporting scheme

Source: PES self-assessment, and Operational Manuals for the implementation of ALMPs applicable during the project period

Involvement in the ALMPs is planned in the Individual Action plan (IAP or IPP) of the registered unemployed person. The PIP is designed within the SIMP and is a separate part of the operational service manual.

Oversight of ALMPs is the responsibility of the local EO and the respective VTCs. Scheme-dependent supervision takes place at the employer's premises. The purpose of the visits is to follow the progress of the implementation and check the level of satisfaction of employers and jobseekers. After the completion of each measure, an assessment is made of the level of employability of the participants; this is to define how effective and sustainable a certain scheme has been.

However, PES has neither the tools nor capacity to trace those who benefited from ALMPs and were employed just after. Independent evaluations are commissioned by donors. By the results of the most recent research study commissioned by GIZ<sup>10</sup>, 32% of those who benefited from participation in ALMPs were employed for longer than one year.

More details of the ALMPs are provided below.

**Internship<sup>11</sup>** aims to provide work experience to jobseekers who opt to start their career in a specific field. The scheme supports practical skills development for completing specific tasks at the workplace and intends to develop contacts of the jobseekers with companies. The internship scheme is targeted at unemployed persons who graduated from Higher Education, VET schools, VTCs or other vocational training facilities in the last 12 months. Internship placements usually last from 2 to 6 months but can be extended to one year. The duration of the internship is defined by the employment counsellor, based on the complexity of the occupation and skills and previous experience of the beneficiary.

<sup>10</sup> The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH, often shortened to GIZ, is the German development agency that provides services in the field of international development cooperation and international education work.

<sup>11</sup> The description this measure is based on the Operational Manuals for the implementation of ALMPs applicable at the time of reporting.



## Box 1. Internship procedure

Upon completion of an internship, employers issue a reference letter indicating that the intern has successfully completed the internship in a specific occupation. In addition, an assessment letter is signed, with the score from 1 for unacceptable-poor performance to 5 for excellent performance.

When interns are compensated during the internship, employment counsellors monitor interns once in three months. The monitoring visit aims to check: the progress in implementing the internship and to assess the satisfaction of the employer and intern.

Remuneration/compensation for interns aims to cover food and travel costs, and it is paid directly to the intern. According to the regulation applicable during the period of the study, compensation could be up to 75% of the minimum wage and is determined each year depending on financial allocations to the budget. Employers are not obliged to cover compensation but could do so at their discretion.

The MLSW should pay insurance premiums for accidents at work but does not take any responsibility for expenses that derive from accidents at work or disease, nor for any damage to equipment that may be caused by the intern at the workplace.

The employer is obliged to nominate an experienced worker to supervise and instruct the intern, and interns are required to attend their places of work regularly. The manual envisages a probation period of 10 calendar days (though does not explicitly name it 'probation'), within which the employer can ask for a replacement if not satisfied with the intern.

The employer has no right to accept candidates with whom the employer or the supervisor has close family relations.

The **On-the-job training**<sup>12</sup> (OJT) scheme aims to develop skills through training at the workplace, with the final aim to support the employment prospects of unemployed individuals. All registered unemployed have access to this scheme. The scheme can be implemented in private, public and not-for-profit employers. Before entering this scheme the unemployed have to be first counselled and assisted in job search and if after 3 months they are unsuccessful they become eligible to participate in the OJT scheme.

The on-the-job placements last for between 2 and 6 months. The training period is defined by the trainer, who is expected to consider the complexity of the job and the skills and experience of the unemployed. The scheme is provided on a full-time basis, 8 hours a day, five days a week, whilst the unemployed with disabilities are offered more flexibility in terms of the number of hours per day. Every employer has to assign a member of professional staff to supervise and train beneficiaries.

## Box 2. On-the-job training procedures

Access to the scheme is via an employer counsellor recommending a potential candidate to an interested employer, and if the employer accepts the candidate then a training plan and OJT agreement are prepared.

The Individual Training Plan (ITP) is developed jointly by the trainer from the VTC and the employer. For every trainee, the ITP is developed, approved and signed by the beneficiary, the employer and the VTC trainer. The ITP is a formal document which sets out the necessary knowledge, skills and competences which will be attained in a defined occupation during the OJT and clearly sets out the activities and the means to complete the acquisition of core competencies.

The employment counsellor fills in administrative information, whereas the VTC trainer develops the content of the ITP together with the employer. For every trainee, the ITP is developed, approved and signed by the beneficiary, the employer and the VTC trainer.

The ITP is a formal document which sets out the necessary knowledge, skills and competences which will be attained in a defined occupation and clearly sets out the activities and the means to complete the acquisition of core competencies.

The employment counsellor fills in administrative information, whereas the VTC trainer develops the content of the ITP together with the employer.

Beneficiaries can be compensated to a ceiling set at 75% of the minimum wage, paid directly to the bank account of the trainee. The exact compensation is determined by the MLSW at the beginning of the financial year based on the available budget.

Regular attendance at the place of work is a core requirement for trainees. The employer is obliged to nominate an experienced worker to supervise and instruct the trainee. The manual also envisages a probation period of 10 calendar days (though not explicitly naming it 'probation'), within which period, if not satisfied with the trainees, the employer can ask for a replacement. At the end of the training period, all trainees are assessed by the employer/supervisor and the VTC trainer. For successful candidates, the VTC issues a certificate.

**Self-employment scheme**<sup>12</sup> aims to tackle unemployment through the provision of entrepreneurship training, support in developing business plans, financial support through the provision of grants to start a business and mentorship and business services to manage the business. The grant size varies between 3,000-6,000 EUR, depending on the business idea. Although co-financing is not mandatory for selection, applications with co-financing of 20% or above are more strongly favoured for selection. Entrepreneurship training is provided by VTCs whilst mentoring/business counselling is provided through an expert.

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<sup>12</sup> In the new Regulation No. 01/2018 on Active Labour Market Measures the amount of compensation has been revised to a floor set at 70% of the minimum wage.

The self-employment scheme is targeted at all unemployed persons, with priority provided to LTUs, youth (aged 18-29 years old), women, survivors of gender-based domestic violence; social assistance beneficiaries; single parents; individuals from rural areas; persons with special needs; and ethnic minorities. Persons not registered at EOs and jobseekers who have benefited from other ALMPs in the previous 12 months are not eligible to apply for the self-employment scheme.

### Box 3. Self-employment supporting scheme

As indicated in the Operational manual, the scheme is targeted to support business start-ups, in six strategic economic sectors (defined by the Ministry of Trade and Industry), namely: food processing and packaging, ICT, wood processing, metal processing, textile, tourism and wood processing.

Once the call is announced, applications incorporating business ideas are submitted by interested individuals. The application form consists of three main parts: the first part weights 35 points for the skills, competences and business experience of applicants; the second part weights 45 points based on the feasibility of the business plan and overall knowledge of entrepreneurship; and the final component accords 20 points to the business idea and to the applicant based on overall aim of the scheme.

The evaluation committee assesses the application, and the selected applicants undergo 40 hours of entrepreneurship training provided by VTCs. Upon completion of the training, trainees take a written test, and are required to achieve a score of at least 70%. Successful candidates, start developing their individual business plans with the support of the VTC trainer and the consultant for business development. The business plans submitted by applicants are evaluated by two independent experts, based on the following four criteria: (a) financial feasibility of the business plan; (b) availability of resources (premises, equipment, personnel etc.); (c) business knowledge and (d) market research. Applicants deemed to have submitted acceptable business plans, based on the selection, sign a contract in respects of receiving a grant. The grant is paid in installments, in accordance with the business plan but needs to be invested within 6 months, from the date of contract signature. Consultancy services are thereafter available for a two-year period and can be provided to support measures to develop the business, position the business in the market, facilitate contacts with local and international partners, identify suppliers, marketing and promotion and a range of other support as deemed appropriate to the needs of the new business.

Monitoring of beneficiaries is undertaken for a period of 24 months from the date the contract is signed: in the first 6 months, EO counsellors monitor enterprises every month, and thereafter perform monitoring visits at three monthly intervals. The aim of the monitoring visits is to collect timely data on implementation of the business plan and to monitor its progress.

**Vocational training**<sup>13</sup> in most of cases is provided by the PES VTC. It can be also outsourced and organised by a certified private service provider if no one of the VTCs has curriculum and material base / workshop for a certain occupation that is on demand in the labour market.

Duration of training courses is different, but on average seeks 3-3,5 months. Training curriculum is module-based (1 module=20 hours) and includes obligatory modules (on general knowledge, working culture, etc.) the same for all training programmes and the occupation-specific modules. Occupational standards serving the basis for training programme are designed by VTC with involvement of employers and approved by the latter. Training programmes are certified by the Qualification Centre /Authority.

According to the Central PES Office, 20% of the training programme dedicated to theory, 70% of time is dedicated for acquiring practical skills, and 10% is dedicated for the preparation for exam and evaluation itself.

Exam is arranged by VTC: an evaluation commission includes one VTC representative- (usually the Director), and two representatives of the local EO: a counsellor/mentor and a quality assurance expert. Currently, representatives of employers are not involved.

The main problem of the VTC is the shortage of experienced trainers. GIZ assist with training of trainers.

Subsidised employment scheme also called the **wage subsidy**<sup>14</sup> is a scheme that through subsidising employers, aims to create opportunities for long-term employment. The scheme targets LTUs, unemployed who have completed training course at VTC or on-the-job training in last 6 months and are still unemployed.

The unemployed who have benefited from the scheme two times in the past are not eligible to participate again for the next 5 years. Priority groups for the scheme are youth, ethnic minorities, women, persons living in rural areas, unemployed with disabilities and social assistance beneficiaries.

The Operational Manual explicitly states that the wage subsidy is implemented with private sector and non-for-profit organisations (NGOs), the public sector is not eligible.

The subsidy is provided for 6 months, whilst the host employer has to employ the employee for a total of at least 1 year, including the subsidised period. The wage subsidy compensation is 50% of the gross monthly wage. but it cannot exceed the minimum wage.

The manual does not specify whether this refers to the gross or net wage. Employers receive compensation upon completion of the first 3 months (1st quarter), whilst the second reimbursement takes place at the end of 9 months (the 3rd quarter). The employer is obliged to pay the employees personal income tax and pension contributions.

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13 The description of this measure is based on the information received during the peer review.

14 The description of this measure is based on the Operational Manuals for the implementation of ALMPs applicable at the time of reporting.

## Box 4. Wage subsidy scheme

Criteria for employer eligible to the subsidised employment scheme are as follows: registration with the Business Registration Agency; the business should be operational; the employer should be prepared to establish regular employment relations with the subsidised worker on full-time basis and offer the same conditions that apply to other employees; and should employ the subsidised worker for at least one year.

Once an employment counsellor from the EO confirms the employer, the counsellor presents the selected “candidate” to the employer, and if the latter accepts the candidate then preparations for a placement agreement commences.

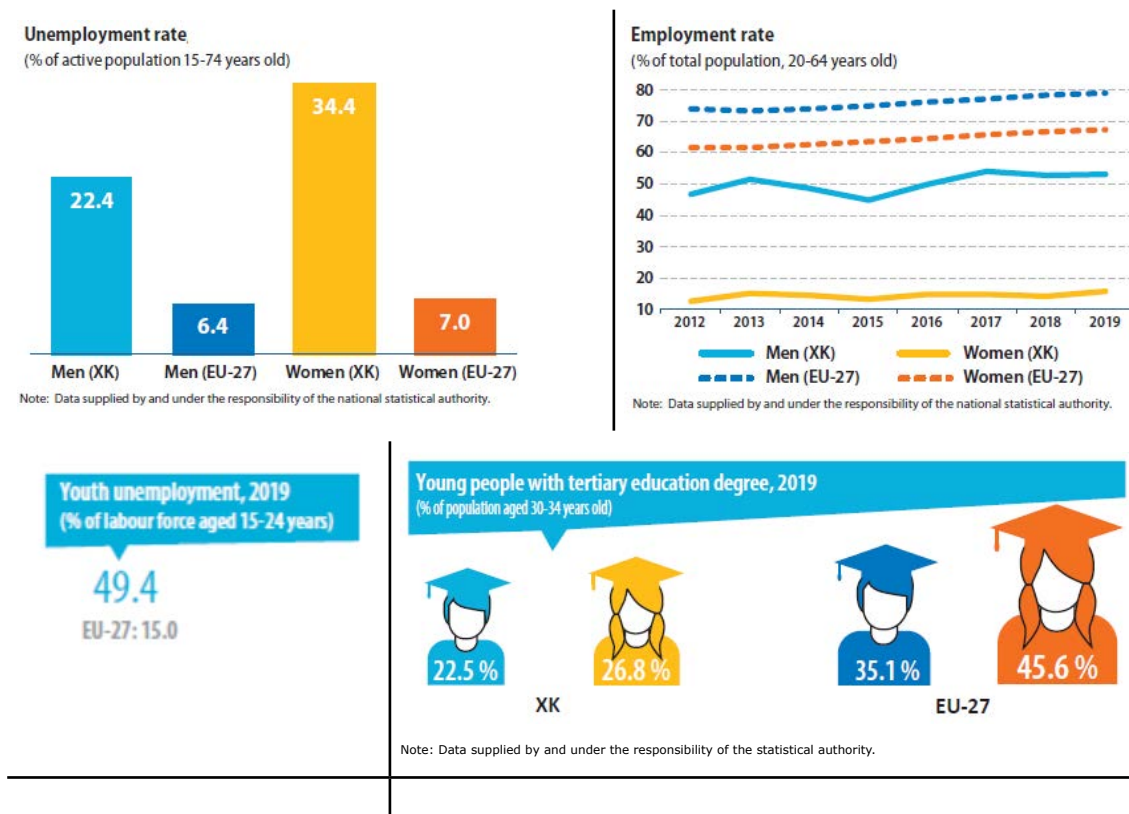
As soon as the subsidised employee commences placement in the company, the employer is obliged to assign a professional member of staff to supervise and train the employee.

The Operational manual envisages a probation period of 10 calendar days (though this period is not explicitly labelled ‘probation’), within which the employee and/or the employer can ask for a replacement. Employment counsellors are in charge of monitoring the progress in implementing the wage subsidy scheme and to assess satisfaction of employer and of the subsidised employee.

## 4. The labour market development 2019-2021

In the period 2019-2021, developments in the labour market were similar to many other economies in Europe: an overall lockdown for several months between March and June 2020 caused a drop of economic activity and mass layoffs; restrictions in travelling in 2020 and 2021 affected labour mobility; the revival of economy started in mid of 2021. At the same time, these processes happened in conditions of existing gaps of the population economic activity and employment compared to the situation in the EU. Pre-COVID statistics (2019) presented in Fig.1 provide evidence for this.

Fig.1 Key figures



Source: Eurostat<sup>15</sup>.

Since 2019, the situation did not change much. According to the EC 2021 Report<sup>16</sup>, there are continued structural labour market challenges stemming from the mismatch between the rapid growth of the working-age population and job creation, the persistently low participation of women and generally precarious employment opportunities (fewer than half of employees have permanent work contracts).

15 Factsheets, 2021 edition, KS-08-21-097-EN-N

16 Commission Staff Working Document, SWD(2021) 292 final/2

The labour market indicators that worry the most are the high inactivity rate (61.7% in 2020), and youth unemployment (49.1% in Table 3).

In 2020, the overall activity rate stood at 38.3% in 2020. showing a decrease from 40.5% in 2019 mostly due to pandemic.

Table 6. **Activity rate, %**

Age group	2019			2020			EU-27, 2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-24	:	:	:	:	:	:	40.5	34.8	37.8
55-64	:	:	:	:	:	:	69.9	56.2	62.9
15-64	59.7	21.1	<b>40.5</b>	56.0	20.8	<b>38.3</b>	78.2	67.3	<b>72.7</b>

Although women tend to attain higher education levels (e.g. over 40% active women hold tertiary qualifications against 20% of active men), they remain underrepresented in employment.

Table 7. **Employment rate, %**

Age group	2019			2020			EU-27, 2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-24	18.6	7.1	13.1	16.1	6.4	<b>11.4</b>	33.8	29.0	<b>31.4</b>
55-64	46.2	13.9	30.1	42.8	14.1	<b>28.4</b>	65.6	53.1	<b>59.2</b>
15-64	46.2	13.9	30.1	42.8	14.1	<b>28.4</b>	72.1	53.0	<b>59.7</b>

By LFS data, in 2019, there were 125,305 unemployed persons and 121,379 in 2020. Unemployment rate in 2020 was 25.9% (25.7% in 2019) exceeding the average unemployment in the EU-27 by 3.6 times. The rates remained higher for women, 32.3% (34.4% in 2019) comparing to 23.5% among men (22.6% in 2019). Young population remains extremely vulnerable: the youth unemployment rate is accompanied by high NEET<sup>17</sup> rate (33.6 % in 2020 compared to e.g. 7.1% in Latvia).

Table 8. **Unemployment rate**

Age group	2019			2020			EU-27, 2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-24	44.1	60.3	<b>49.4</b>	45.2	57.2	<b>49.1</b>	<b>16.9</b>	<b>16.7</b>	<b>16.8</b>
55-64	8.3	2.4	<b>7.3</b>	10.8	5.9	<b>9.8</b>	<b>5.2</b>	<b>5.1</b>	<b>5.2</b>
15-64	22.6	34.4	<b>25.7</b>	23.5	32.3	<b>25.9</b>	<b>7.0</b>	<b>7.5</b>	<b>7.2</b>

Source: Eurostat database and Agency of Statistics. LFS data

Due to the turbulence on the labour market caused by the COVID-19 pandemic, in 2020 the **number of registered unemployed people** during the year exceeded 168,980 compared to 70,790 in 2019. According to the Employment Agency administrative data, the average monthly stock of the unemployed person registered with PES was 2.4 times higher in 2020 than in 2019 (70,790) but decreased to 82,042 in 2021 still exceeding the pre-pandemic figures (see table 4 above).

<sup>17</sup> Youth of 15-24 years old not in education, employment or training (NEET) as a share of youth population (by LFS)

Table 9. Annual PES indicators

Indicator	2019	2020	2021
Transition from the RU	n.a.	n.a.	n.a.
Persons transited from unemployment to employment in absolute numbers	4,160	1,330	2,955
Fast (within 6 months) transitions	n.a.	n.a.	n.a.
Medium (within 12 months) transitions	n.a.	n.a.	n.a.
Share of RUs employed during the year	5.9%	0.8%	3.6%
Number of vacancies notified to the PES per year	15,647	11,166	10,743
Relationship RUs/vacancies	4.5	15.1	7.6

Source: Employment Agency, administrative data.



## 5. Most important developments since ESAP1

In the recent four years since ESAP1, the environment in which PES operated further developed. On employment policy, the 2018-2022 Sectoral Strategy (and the 2018-2020 Youth Employment Action Plan) were designed and gradually implemented.

To mitigate the high unemployment rate of youth, the government has committed to implement the Youth Guarantee (YG) Scheme, as it has endorsed the Western Balkans Declaration on ensuring sustainable labour market integration of young people (8 July 2021) and committed to take concrete steps to gradually establish and implement the Youth Guarantee scheme. The first expected deliverable is the Youth Guarantee Implementation Plan.

Practical preparations have started in PES. A new Regulation on Active Labour Market Policy measures (ALMPs) has been approved which has introduced changes in the design of the measures. The Operation Manuals for the implementation of ALMPs were being revised to reflect these changes. A particular focus on those which are salient to assessing the effectiveness and efficiency of ALMPs. At the time of the PES peer review, PES reported the staff is busy with the reviewing the Manual for the Provision of Employment Services, which process has emerged as a requirement for the approximation of internal documents with the Youth Guarantee (YG) program and other needs.

Besides that, the following major PES developments have been implemented since 2018:

- the integrated concept of the PES provided services and ALMPs was set up
- the online services became available at [www.aprk.rks-gov.net](http://www.aprk.rks-gov.net)
- the service delivery model for jobseekers and employers was revised
- client segmentation was introduced.

The integrated model means that the same counsellor provides all functions / services to jobseekers and employers, enabling PES clients to interact with only one counsellor and to receive all services including the allocation to ALMPs. Acknowledging the importance of counselling, career guidance and raising population activity, in each of seven regions the PES has opened a Career Orientation Center, with one for each career guidance officer. Officials provide career counselling, using labour market data as well. Career guidance is further provided by employment counsellors in all local EOs.

SIMP as the main PES IT-tool supporting operational processes<sup>18</sup> and monitoring process was further developed and connected with the IT system of the Department for Social Policy and Family so to automatically update the data for the beneficiaries of the 2nd category.

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<sup>18</sup> SIMP records every process for the unemployed and employers within the mandate and competencies related to the provision of employment services in general. Personal, qualifying and training data from work experience, other skills, career development, etc. are collected in the system.

The integration of systems with the Minister of Internal Affairs in the treatment of repatriates has been also made.

The importance of the development of e-services was identified and boosted in times of pandemic. Online registration with PES became available for all client groups.

Further progress was achieved in improving the labour market information system, by launching the Labour Market Barometer to support evidence-based policy making and planning. In May 2021, the Skills Barometer has been launched, as a tool for planning of VET and determining priority sectors in targeted regions. The published analysis and forecast for occupations 'most in demand' allows VTC to better program and design new training curriculum.

## 6. Impact of the COVID-19 pandemic on the labour market and the PES services

Due to the COVID-19 pandemic, in 2020 the number of the unemployed registered with PES increased more than twice. In 2020, there were 168,980 unemployed compared to 70,790 in 2019. With no efforts from the PES side, the objective 1.1 (See Table 1) was reached and exceeded. As a result, PES staff faced an enormously heavy workload. While the workload was doubled, there was no additional human resource available to PES.

The caseload of a counsellor reached 1,000 clients. Luckily, the internship scheme was applied in PES, and a group of young and enthusiastically intended people supported the permanent PES staff specifically with the paperwork allowing to gradually decrease the counsellors' caseload to 750 clients per counsellor.

In times of lockdown, the need for digitalization of services and staff training has been acknowledged and specified. A web-application for registration of unemployed and jobseekers and employers was developed and used however, the information from the web portal is not directly fed into the information system.

Although the web-application and portal were developed and registration of employers and unemployed could be made online, complete registration and all services were provided face-to-face basis. Although according to the Eurostat data<sup>19</sup>, in 2020 96% of households in were with Internet access, according to PES, many jobseekers had and have the lack of knowledge in the use of SMART-phones and laptops in registration using online application.

Providing population with possibility of physical registration, PES staff worked under risk of being infected.

Besides the core PES functions, PES was involved in a number of government response measures through registration of unemployed individuals.

In 2021, the PES managed an additional budget to implement the measures from the Economic Recovery Package (see more in Section 2.).

## 7. Strengths of the PES and development opportunities of the PES

The PES self-assessment and further discussion on the PES approaches and methods during the peer review allowed to highlight a number of positive developments in the PES that would be considered as important elements for enabling further performance improvements and for continuing the modernisation of PES services in the future.

The first such element refers to the **Strategic Performance Management**:

- There is a strong linkage between PES targets, objectives and indicators and government employment policy. There is a set up procedure for setting annual targets and KPIs.
- The operational PES processes are supported by SIMP, an IT-system which provides the real-time data to follow the achievement of set objectives. Monitoring is done on regular basis and corrective measures are proposed during quarterly meetings.

This all together provides a good basis for in-depth consideration upon more output-oriented KPIs and visualisation of the progress achieved during the year by individual local PES office and joint PES system, e.g. via the dashboard that would be available for every PES staff member via intranet.

The next element refers to the **Design of operational processes**:

- All processes are standardised through internal regulations and explained in the manuals for services and ALMPs.
- SIMP collects numerous information about clients and stores extensive information about services.
- Responding to the COVID-19 crisis, PES has developed a web portal, which currently serves for registration of clients (employers, unemployed and jobseekers).
- The next steps in developing this area of PES performance would be 1) to explore the difference between the total controlling system and quality management system based on participatory PES staff approach especially of the frontline staff and co-creation of process involving clients; and 2) expanding the number of e-services that would allow to ease the workload of staff.

Among the PES strengths in **Sustainable activation and management of transitions** the following should be highlighted:

- Profiling and segmentation system.
- A clear procedure for developing the Individual Plan is in place.
- Registration, counselling, individual employment plan, provision of services are all based or administered by SIMP, where the counsellor creates direct access for each jobseeker who has in his / her portfolio including registration period, knowledge, qualifications, skills, etc. If the above periods are exceeded or the status of the jobseeker changes, SIMP independently and automatically switches to another category as passive or to one of the three levels of jobseeker profiling.
- PES offers a number of ALMPs including vocational training through its VTCs. It has started piloting Youth Guarantee, with a plan to launch a full-range implementation since 2023. Independent evaluations are used to assess the relevance, effectiveness, efficiency and sustainability of ALMPs.
- Jobseekers can benefit from vocational trainings provided by VTCs. This embedded service within PES was considered as a good practice by peer WB PES.
- PES can outsource services and sub-contract certified service providers (private entities, NGOs, etc.). Subcontracting of trainings (for occupations that are not offered by VTCs) is legally allowed though has been used rarely.

This positive experiences provide a good start for further development of the 1) profiling system turning it competence-based applying holistic approach and measuring individual distance to the employment based on the enriched set of individual characteristics, 2) transparent system of evaluation of effectiveness of the IAPs and success stories, 3) strengthening quality assurance of training provided by VTC involving employers in the final exams and recognition of acquired qualification, by that avoiding the potential conflict of interest when only VTC and PES staff is involved in evaluation.

Among positive developments in the **PES relations with employers**, the following are worth mentioning:

- Employers are represented in the PES Advisory Board and can influence PES plans, decisions and activities.
- The dialogue between the PES and business community has intensified in 2022 at the central level and there is a hope it will give a strong impetus for enhancement of cooperation / partnerships between PES & VTC and businesses at the local level.
- The idea of having a joint web-portal of PES and private employment services is under elaboration.

These latest changes provide a good perspective for strengthening PES relations with employers making the latter not only the participants of the ALMPs and beneficiaries of the PES subsidies but also reliable and active PES partners who could together with PES improve the situation at the labour market and combat high unemployment.

Ex-ante and ex-post evaluations as core elements of the **Evidence-based design and implementation of PES services** are currently mostly supported by donors. PES does not have capacity in-house for such activities and cooperation with academic community (universities, research institutions) can be enhanced. A valuable support is provided by international organisations such as GIZ, OECD, ILO, ETF, and etc.

In the area of **Management of partnerships and stakeholders**, the initial basic input has been made by PES and further development depends mostly on the PES understanding of a need for systematic approach to partnerships and readiness for networking and cooperation. Intensifying PES cooperation with Municipalities can be seen as a promising initiative.

**Allocation of PES resources**, human and financial, is under decision of the Ministry of Finance, Labour and Transfers. Not much can be done by PES in current conditions. What PES can do and in fact do for its staff is it organises regular staff training. The Institute for Public Administration contributes to the process and organises various trainings for the PES employees on the topics like Office work administration; Integrity in Public Administration; Code of Conduct and Anti-Corruption; Execution, budget monitoring and analysis of indicators.

PES receives the support for professional staff development from local and international donors (GIZ, ALLED2, DVV, EYE, DIMAK and Swisscontact).

Budgetary procedures are in place.

In HR management area, PES may want to consider about talent management, strengthening horizontal cooperation of counsellors working in different local EOs, promoting PES staff creativity, strengthening corporate culture and team spirit.

Regarding the **Organisational PES resilience and PES Reaction to an emergency situation**, in times of the COVID-19 crisis several important decisions and activities were made without long delays:

- PES did not suspend the provision of services and in parallel to the face-to-face appointments and consultations of customers designed and launched the web-application for online registration for unemployed persons, jobseekers and employers.
- Decisions have been made on budget allocation for the implementation of measures aimed at protecting public health and pandemic management.
- PES staff consolidated resources and efforts working under the pressure of the increased workload.
- PES actively participated in the implementation of the Economic Recovery Package measures.

## 8. Suggestions and recommendations for enhancement

The findings discussed in the previous chapter are immediately related to the following suggestions that are meant to support the PES in becoming more effective and modern service provider.

As described above, certain room for enhancement is seen in the area of **Strategic performance management**. The following suggestions are proposed for further PES consideration:

- Participatory approach in decision-making would be recommended so that the PES voice is heard by supervising authorities. This especially valid and needed in HR management for a right balance of human and budgetary resources, human resources and delegated functions. Ignorance of extremely high caseload of counsellors will result in poor service provision, mechanical approach of staff to their functions.
- Greater involvement of the local offices in the target-setting process would be advisable. This would result with the list of more realistic targets and also induce more responsibility towards achieving the targets by local PES.
- Most of current targets are input-based (number of trainees, number of registered unemployed) and only two are output-based i.e. measuring the impact /results of PES work (share of ALMP beneficiaries remaining at work 6 months after completion of the scheme). Therefore, it is suggested to consider replacing several input-and process-oriented indicator with output-based indicators/targets.
- The list of KPIs should not be long and easy-to-communicate in-house, to supervising authorities and wide public; calculation of indicators should be clear for the staff.
- Rationale for the revision of targets and decision taken for changes should be made clear for the PES staff as a part of an open-ended learning process.
- It should be defined in a transparent way what consequences will occur if targets are not reached by individual staff members and by respective local PES. Information should be communicated to staff at all levels.
- As noted above, local PES should be engaged in defining targets as this would also provide a stronger position of the management when targets are not met by PES. Local PES will not complain that targets were too optimistic, since they did contribute and agree to them based on their experience from the field.

The experience of the Estonian and Maltese PES would be of help.

In the area of **design of operational processes**, following could be the next steps towards enhancement:

- to carry out the assessment of core processes from end to end seeking their optimisation
- in addition to the precise monitoring of operational processes via SIMP to carry out independent qualitative evaluations of services and ALMPs
- to raise staff awareness on the basics of the quality management in PES, its relation to performance management and simple methods like a customer journey role play
- to enhance SIMP to enable PES staff for the purposes of analysis to extract data from client records for preceding year, especially with cross-tabulated characteristics of clients; this would make it possible to restore a portrait of the unemployed. Enriched analysis of success stories, to regenerate the PES annual report of preceding years
- to expand e-services.

For quality management, the experience of the Austrian and Estonian PES as well as of the two regional PES in Belgium – Actiris and VDAB would be recommended to study. Moreover, some valuable insights / ideas can be found in the recently published Thematic paper “Quality management in PES”<sup>20</sup>.

Regarding online services, the most recent experience of the Greek PES and Swedish PES can be explored. The Norwegian PES approach to channel management could be considered as the best practice with systematic approach on the matter.

For **Sustainable activation and management of transitions** the following developments are recommended:

- to consider carefully on pros and cons when using an integrated counselling role i.e. one counsellor covering all PES services including placements in ALMPs. Current caseload of counsellors is enormously high, and thus, by default they do not have enough time per client to provide proper counselling. Many PES relate the caseload of a counsellor with the segment of the clients he/she deals. The caseload of counsellors dealing with the most vulnerable jobseekers, LTUs, disabled persons, abusers, is much lower than of his/her colleagues dealing with a group of jobseekers that easier to reintegrate into the labour market. Moreover, counsellors serving employers /companies in many PES comprise a separate team as their knowledge and competence differ from the jobseeker counsellors.
- to make evaluation of the IAPs, its quality and effectiveness by regular random check e.g. by a Team leader. The discussion on the results of the check is supposed to be open, constructive and taken as a normal approach for improvement of staff performance. The experience of the Dutch and Estonian PES would inspire some good ideas.

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20 <https://ec.europa.eu/social/BlobServlet?docId=25892&langId=en>



- To assess the impact of ALMPs to the profile and working record of the unemployed individuals
- To consider the tracking system of those persons who got training / retraining to prevent unemployment and facilitate the transition from one job to another. This could be done either by VTCs or external evaluators.
- To expand and intensify the purchase of training services from other providers than VTC. While provision of vocational training by PES VTCs was considered by peer PES participated in the peer review a good practice, its drawbacks were also mentioned. It was acknowledged that private providers are more flexible to changing offer in line with labour market needs and it may be more costly to provide training by PES rather than buying it. In fact, the vast majority of the European PES Network members refused from the maintenance of the embedded network of training centres.
- A well-functioning quality assurance/accreditation system is deemed necessary for outsourcing training services by PES. Practice of purchasing vocational trainings implemented in PES in Montenegro can be taken into consideration. This will enable PES to faster and maybe cheaper prepare workforce in line with labour market needs.
- Certain changes in operational PES processes, PES services and ALMPs were recently made based on findings from monitoring, auditing and evaluations. However, these were not explicitly reported in documents. Such practice is strongly suggested, and it can also show a history of changes made and rationale behind those changes.

Certain room for improvement is seen in the area of **PES relations with employers**:

- although measures with involvement of companies like on-the-job training and wage subsidies to create jobs for specific vulnerable groups on the labour market have been created and implemented, cooperation with employers remains limited. Systematic approach in this PES performance area is lacking. In fact, a coherent strategy with common objectives and standards for employers' services is not in force.
- Conceptual PES approach towards employers and their role, cooperation mechanisms etc. should be communicated to the business community in clear and understandable way.
- PES Information system contains data allowing matching of job offers (employers requirements) with the profile of the unemployed. However, this system is not publicly available online. Such e-service if provided by PES would attract employers and inspire them to register their vacancies/job offers with PES. Currently, since companies are not obliged to post their vacancies with PES, the share of intermediated vacancies is limited.
- It would be important to design instruments assessing the quality of matching.
- A existing mismatch between employers' demand and skills/occupations held by the unemployed, can be studied by PES and using the information of the recently published Barometer of Occupations would allow PES together with VTC to organise relevant upskilling /reskilling of the unemployed.

Further strengthening of the PES **Management of partnerships and stakeholders** is crucial especially preparing for the launch of Youth Guarantee in a full range next year. As proved by the experience of many European PES, to outreach NEETs PES will need to cooperate and collaborate with non-governmental organisations (NGOs) including entities working with youth and/or representing youth interests, as well as with local municipalities and etc.

It would be advisable for PES taking a systematic approach towards partnerships to link objectives with set up targets, so that the outputs and outcomes of partnerships would be easy to monitor, evaluate and, if proved a need, to take relevant corrective measures.

The experience of the European PES Network members in supporting youth via YG and/or through other programmes is presented in the PES-survey based report “2021 PES Capacity Questionnaire Part II: Monitoring of PES support of the reinforced Youth Guarantee”<sup>21</sup>, and in the Report of the PES Thematic Review workshop “Youth employment support”<sup>22</sup>. More general ideas about PES collaboration with their stakeholders can be found in the Synthesis paper of the PES Network Stakeholder conference “The power of PES partnerships”<sup>23</sup>.

Reflecting current status of the PES **Human resources management**, as noted above there is a need to decrease the counsellors’ caseload so that enough time would be dedicated for a conversation with every customer. A standard conversation usually does not take less than 20 minutes if to discuss the implementation of the individual action plan, to report about the results of the job search, interviews with employers, personal challenges, etc. Optimisation of the counsellors’ workload could be achieved through a complex of mutually complementing measures, meaning, by hiring more counsellors, launching more digital online services, introducing specialisation of counsellors that would be linked to the segments of the registered unemployed, and those dealing with employers.

It would be recommended to investigate the level of the PES staff satisfaction considering what could be done in the future to inspire their creativity. Non-financial staff incentive measures should be designed e.g. the transparent system of annual award ceremony to strengthen corporate values and team spirit.

Regarding the **PES resilience and management of crisis**, it would be recommendable for PES to identify and analyse potential risks and getting prepared to address.

A lot of information of different PES practices as their response to the COVID-19 crisis can be found in the Report “Service delivery by Public Employment Services in the wake of the COVID-19 crisis”<sup>24</sup> as well as in the Thematic paper “PES Support to recovery”<sup>25</sup>.

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21 <https://ec.europa.eu/social/BlobServlet?docId=24936&langId=en>

22 <https://ec.europa.eu/social/BlobServlet?docId=24067&langId=en>

23 <https://ec.europa.eu/social/BlobServlet?docId=24153&langId=en>

24 <https://ec.europa.eu/social/BlobServlet?docId=25615&langId=en>

25 <https://ec.europa.eu/social/BlobServlet?docId=25744&langId=en>

## 9. Inspiring (good) practices

The profiling of the registered unemployed followed by their segmentation has been identified as a good practice by peer PES. The distinguishing of the three (low, medium and high risk of becoming long-term unemployed) rather than what is common two categories was considered as an inspiring and good practice (Annex 1).

PES currently offers trainings and retraining provided by VTCs. This embedded service within PES was considered as a good practice by visiting PES (Annex 2). There are pros and cons, and the strongest argument *for* is related to the risk that provision of the outsourced services can be blocked in certain periods due to logistical and financial capacity, or even procedural and administrative issues.

Engagement of interns within PES as a support staff was acknowledged as a good approach. Their potential employment at PES would bring new energy and creativity to PES.

## Annex 1. PES practice fiche: Profiling and segmentation of the RU

Field	
<b>Short sentence summarising the practice</b>	Employment Agency  Profiling of the registered unemployed (RU) is followed by their segmentation in three sub-groups: <ul style="list-style-type: none"> <li>- low risk group to become long-term unemployed (LTU)</li> <li>- medium risk group to become LTU</li> <li>- high risk group to become LTU.</li> </ul> For each segment a certain package of services and measure is designed and applied.
<b>Scope of measure (a pilot project or a national reform)</b>  <b>Short summary of key challenges addressed by the practice and outcomes/lessons learnt</b>	Economy-wide approach  Individual characteristics of the unemployed registered with PES are different, but clients' profiling and segmentation allows PES to provide the most suitable and relevant support to each person.  PES applies so called 'caseworker-based profiling' when a counsellor makes a subjective assessment of the potential of a person and uses his/her discretion based on experience and personal data of the RU.  The employment counsellor offers a package of counselling services and active labour market policy measures in accordance with the segment of the RU. In this way the PES support needed to (re)integrate a RU with the labour market, is adapted to the specific needs of the person.
<b>When was the practice implemented?</b>	From 2015 onwards
<b>What was the driver for introducing the practice? Was it internal or external?</b>	The Ministry of Labour and Social Welfare, now Ministry of Finance, Labour and Transfers
<b>Which organisation was involved in its implementation?</b>	Employment Agency
<b>Which groups were targeted by the practice?</b>	Registered unemployed
<b>What were the practice's main objectives?</b>	To provide a set of relevant services and measures including active labour market policy measures to integrate a certain group of unemployed to labour market

Field	
<b>What activities were carried out?</b>	<p>During the interview with an unemployed person a counsellor gathers information about the client such as: the education attainment level, profession (ISCO 08), languages, work experience, disability if any and assistive devices.</p> <p>During this conversation the counsellor also collects information on the skills/competencies of the unemployed person and inserts all data into SIMP (supporting IT system). The latter stores the data though does not provide statistical profiling. So, segmentation is based exclusively on the counsellor's judgement/ opinion upon to which segment, out of the three mentioned above, a person belongs.</p> <p>The employment counsellor offers a package of counselling services and active labour market policy measures in accordance with the segment of the RU. In this way the PES support needed to (re)integrate a RU with the labour market, is adapted to the specific needs of the person.</p> <p>The profiling process is monitored and updated at intervals at least once every three months. Segmentation makes the process of addressing and integrating into the labour market of each unemployed easier.</p>
<b>What resources and other relevant organisational aspects were involved?</b>	Employment counsellors in the local PES offices (so called front-line PES staff) and SIMP
<b>What were the source(s) of funding?</b>	Governmental funding
<b>What were the outputs of the practice: people reached and products?</b>	<p>Profiling of the unemployed and their segmentation into three categories is considered a productive approach as it allows monitoring the changing status of the unemployed and take in time measures preventing the transition from low and medium risk group to the high risk of being LTU as well as reducing the duration of unemployed in the LTU 'mode'.</p> <p>The movement of unemployed between segments (from low risk to high risk to become LTU and vice versa) is done on the basis of changes in the characteristics of the RU.</p> <p>For example, if the unemployed person was segmented at the time of registration in a group of low risk to become LTU, they stay in the same group for some time. If after several visits to counsellor, the situation did not change for better and personal motivation for looking for a job is deteriorating, the SIMP reacts on the increased duration of the unemployment and sends a warning to the counsellor. In these cases, the counsellor should treat these clients as having a medium risk of becoming LTU and propose special counselling and/or participation in certain ALMP measure(s).</p> <p>In another case, if the unemployed person was segmented at registration in a group of high risk of becoming LTU, then they are immediately offered vocational training. After completion of training and becoming qualified in a certain profession, the RU starts looking for a job. From this time, the counsellor does not treat this client as of high risk to become LTU and moves them to the medium risk of becoming LTU group.</p>

Field	
<b>What are the lessons learnt and success factors?</b>	Success factors: <ul style="list-style-type: none"><li>✓ Support by SIMP: information system monitors the duration of the unemployment period and automatically moves the unemployed person to another segment.</li><li>✓ Integrated model of providing employment services by counsellors: each counsellor is well-informed about all types of services and ALMPs provided by PES and applies the relevant package of measures to the unemployed depending on the segment to which this person belongs.</li></ul>
<b>Contact details for further information</b>	Shpetim Kalludra ☒ Head of Division for development of active measures and analysis in the labor market / Labor Market Department, Employment Agency

## Annex 2. PES practice fiche: VTCs embedded in the PES system

Field	Information provided
	Employment Agency
<b>Summary of the practice</b>	Seven Vocational Training Centers (VTCs) set up in each of the seven regions are the active actors of the PES system. Operating of the VTCs within the PES system allows local PES offices to arrange training of their clients without long delays as no public procurement is needed unlike in case training is outsourced and arranged by external training providers.
<b>Scope of measure (a pilot project or a national reform)</b>	Economy-wide approach
<b>Short summary of key challenges addressed by the practice and outcomes/lessons learnt</b>	PES can offer training of the unemployed and jobseekers either through VTCs or external training providers. Although the latter are more flexible than VTCs in updating of training curriculum, designing new training programmes and modernisation of workshops, their certification takes time. Moreover, a public procurement procedure launched by PES in case training are requested outside PES system, is complicated and can be blocked in certain periods due to logistical and financial capacity, or procedural and administrative issues.
<b>When was the practice implemented?</b>	This has always been offered by PES
<b>What was the driver for introducing the practice? Was it internal or external?</b>	Internal, the then Ministry of Labour and Social Welfare, now within Ministry of Finance, Labour and Transfers.
<b>Which organisation was involved in its implementation?</b>	Employment Agency
<b>Which groups were targeted by the practice?</b>	<ul style="list-style-type: none"> <li>• registered unemployed</li> <li>• jobseekers</li> <li>• employees whose job is endangered, or they need professional advancement.</li> </ul>
<b>What were the practice's main objectives?</b>	<ul style="list-style-type: none"> <li>• To provide upskilling and reskilling of the PES clients without long delays</li> <li>• To seek cost-efficiency</li> </ul>
<b>What activities were carried out?</b>	Vocational Training Centres provide vocational training in 30 occupations, through 7 Centres. Trainees are assessed and certified. Certification is in place and is also used internationally for employment purposes.
<b>What were the source(s) of funding?</b>	Government budget Certain activities (e.g. evaluation of the sustainability of employment after participation in training arranged by VTCs) are commissioned by donors.

Field	Information provided
<b>What were the outputs of the practice: people reached and products?</b>	On average, about 6,500 unemployed and jobseekers receive trainings in VTCs (EARK data). The number of trainees has doubled from 2009 to 2019 (2,977 in 2009 and 6,677 in 2019). In 2019, about 40% of trainees are those with less than secondary education and 42% are with general secondary education/ Gymnasium, which are equipped with a certificate that supports their access to labour market.
<b>What outcomes have been identified?</b>	According to an independent evaluation carried out from November 2021 to January 2022, using a random sample of 118 trained individuals at VTCs, 23.7% (21.2% employed and 2.5% started their own business) of trained individuals were employed 6 months after completion of training.
<b>What are the lessons learnt and success factors?</b>	VTCs follow changes in the labour market and to extent possible adapt their offer to labour market needs. VTCs have been supported by donors with equipment and also training curricula development. Currently, VTCs are supported by donors to carry out the service of recognition of prior learning, which is an important service for employees who have skills and competences but lack a formal proof of their competences.
<b>Contact details for further information</b>	Gani Ismajli - Deputy Director of the Department of Vocational Training/ Department of Vocational Training, Employment Agency







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