

Employment and Social Affairs Platform 2 #ESAP2

PES Bench-learning Report Public Employment Services



Podgorica, 2022

Employment and Social Affairs Platform 2

#ESAP2

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Executive Summary

This report is based on the results of the 2022 PES Bench-learning cycle 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 21 to 22 June, 2022 in Podgorica.

The **Employment Agency** is a legal entity with the status of a government fund which falls under the authority of the Ministry of Labour and Social Welfare. Its mandate covers the full range of tasks and services of a PES: the payment of unemployment benefits, the provision of services to jobseekers and employers, the implementation of ALMPs as well as the monitoring and analysis of the labour market. Apart from the Head Office located in Podgorica, its organisational structure consists of 8 Regional Offices and 24 Local Offices. The staff of the PES currently amounts to 309 full-time equivalents.

The **services provided to jobseekers** start with the registration and profiling which provides the relevant information for classifying jobseekers according to their proximity to the labour market applying two categories (“directly employable” and “conditionally employable”). Right now, profiling and segmentation are not automated though a corresponding system is under development and to be implemented in the near future. The mediation of jobseekers is structured by an Individual Action Plan (IAP) which is concluded within 45 days after registration of the jobseeker. The IAP contains obligations and activities agreed between counsellor and jobseeker as well as potential sanctions in case of non-compliance. Although the Youth Guarantee (YG) is currently not implemented by the PES, it does provide specific support programmes targeting this age group: “Youth in Support of Agricultural Development” and “Support to Training and Employment of Youth for Inspection”.

The **provision of services to employers** is the responsibility of a small team of counsellors at the Head Office of the PES as well as counsellors throughout the Regional and Local Offices of the PES. But there is neither a dedicated employer strategy of the PES nor a unit at the Head Office exclusively dealing with this task. The Head Office publishes all registered vacancies collected by counsellors in the Regional and Local Offices via print media and the PES website. In this context it is worth noting that employers in Montenegro are obliged to register their vacancies with the PES which provides a good basis for the subsequent matching of vacancies and jobseekers in the process of job mediation. The matching process takes into account the requirements of the individual vacancy on the employer side as well as the competencies, skills and preferences on the jobseeker side. Additionally, the matching can either be restricted to certain regions of Montenegro or conducted across the economy. Apart from these core services, the PES also provides information to employers on its services and surveys the needs of employers with regard to labour force.

The use of different **channels of service provision** was broadened during the COVID-19 pandemic through the intensified use of e-mail, phone and an online portal. However, there is currently no systematic provision of all core services through digital channels, e.g., registration of jobseekers or application for benefits, although there are efforts at implementing more digital services throughout the PES.

The **active labour market policies (ALMPs)** of the PES cover most of the types of ALMPs of the EU classification, specifically direct job creation, training and employment incentives. The most prominent ALMPs are different types of public works with almost 600 participants in 2021 while training programmes with employers and for independent work are further relevant ALMPs with more than 200 and 250 participants in 2021, respectively.

As is the case with practically all economies, the **development of the labour market** in Montenegro over the last two years was dominated by the impact of the COVID-19 pandemic. For 2019 and 2020 there was a sharp decrease with regard to all relevant indicators such as employment, unemployment and GDP while the data for 2021 point to a recovery of the economy and the labour market. Regarding practically all indicators the performance of the labour market of Montenegro is significantly below the EU average, as can be seen for example in the unemployment rate of 17.9% as compared to 7.2% EU average in 2020.

Since the ESAP 1 project there have been some **changes and developments in the PES**, namely a change in the regional structure with the addition of one Regional and six Local Offices. At the same time, the preparation for the implementation of the YG has been initiated which involves the cooperation with several other institutions. Further developments were prompted by the **reactions to the COVID-19 pandemic** such as measures to protect the health of staff and the intensified use of other service channels than face-to-face contact.

Among the **strengths of the PES** identified during the peer review, the clearly defined process of target-setting has to be mentioned which also includes a bottom-up approach to include all staff members in the development of relevant targets. Another strength is the newly implemented approach to standardisation of processes based on a Book of Procedures. This document was developed as part of the project "Mitigating the effects of COVID-19 on the world of work in Montenegro" with support of the ILO and now serves as a reference for service provision throughout all PES offices. Although the automatic profiling system is still under development this can also be considered relevant evidence of the efforts of the PES regarding the modernisation and digitisation of its services. In a similar vein, the efforts in monitoring and evaluating the ALMPs implemented by the PES have been increased over the last years. However, data quality, more refined methodologies and the inclusion of all ALMPs in the evaluation process remain issues to be addressed.

The **suggestions and recommendations for enhancement** which are a key result of the self-assessment and the peer review focus on a number of areas. Although the performance management is based on a systematic process there is a need to refine the measurement of targets as well as their communication throughout the whole organisation to highlight the contribution of each staff member to the overall target achievements of the PES. Even though the standardisation of processes mentioned above mark a valuable achievement, they should still provide the option for Local Offices to adapt processes to their local circumstances within a given framework. Also, the further digitisation of processes is strongly encouraged although this will have to take into account issues of digital literacy and access to the relevant resources, especially among vulnerable jobseekers. The further development of digital and automated processes is also encouraged for the profiling and segmentation which has already been initiated. Further recommendations refer to the need to develop a dedicated strategy for servicing employers, the preparation of the implementation of the Youth Guarantee as well as the development of a more systematic approach to identifying and addressing potential risks to the PES and its service provision.

Among the **good practices** of the PES identified during the peer review, the implementation of a measure of vocational rehabilitation has to be mentioned which is carried out in cooperation with strong partners and applies a flexible and demand-driven approach to procurement and allocation of participants. The Book of Procedures as the foundation for standardising processes has already been mentioned. Nevertheless, it represents a good practice relevant for all PES in the process of ensuring uniform service quality throughout the whole organisation.

1. Introduction

This report outlines the results of the 2022 Bench-learning (BL) cycle carried out by the Employment Agency of Montenegro (further in text referred as 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 which was hosted by the PES and took place in Podgorica from 21 to 22 June 2022. Apart from representatives from the PES of Montenegro, the peer review was attended by peer PES representatives from Kosovo*, Serbia and representatives from the three PES from Bosnia and Herzegovina (Federation BiH PES; Republika Srpska PES, Brcko District PES), representative of the EU PES (France), one local expert who supported the process of completing the self-assessment, one external consultant from the contractor supporting the Bench-learning process (ICON/ISG) and the RCC ESAP 2 team.

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 1st WB PES BL cycle, in addition to the core PES performance drivers the PES performance on crisis management and the impact of the COVID-19 pandemic on the overall PES performance were discussed.

The time and resources invested by the PES in Montenegro for conducting their PES self-assessment and preparation for the peer review as well as the PES staff efforts to provide the PES administrative quantitative data in compliance with the formal requirements for data collection were critical to its success.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

2. Description of the PES

The Employment Agency of Montenegro (further in text referred to as the PES) is a legal entity with the status of a government fund. It falls under the authority of the Ministry of Labour and Social Welfare.

The PES is in charge of all activities related to employment as determined by the Law on Mediation in Employment and Rights arising from Unemployment, further regulations and the Statute of the PES. The goal of the PES is resolving issues in the field of employment and unemployment and is pursued in the public interest. The services provided by the PES are available to all users under the same conditions, they are public and free of charge. Specifically, according to its **mandate**, the PES

- monitors, analyses and researches economic, social and other trends, employment and unemployment, as well as their mutual influences, on the basis of which it proposes measures to increase employment
- monitors and analyses data on unemployed foreigners, who are registered as unemployed persons, and on employed foreigners in Montenegro, based on data obtained from the competent authorities
- monitors and evaluates the effects of the implementation of active labour market policies (ALMPs) in order to improve existing and create new ALMPs
- keeps records in the field of employment
- cooperates with employers, educational institutions and other legal or natural persons in the implementation of employment-related activities
- implements international employment agreements
- cooperates in the field of employment at the international level
- decides on rights during unemployment in accordance with the law
- performs further activities in the field of employment in accordance with the aforementioned law and other regulations.

Regarding the **organisational and regional structure**, the service provision of the PES is based on a functional and territorial principle, consisting of the Head Office of the PES in Podgorica as well as 8 Regional Offices and 24 Local Offices across the economy.

Within the Head Office there are several Sectors

- Sector for records, analysis in the field of employment and information system
- Sector for Employment Mediation
- Sector for Active Labour Market Policies and Entrepreneurship Development
- Unemployment Rights Sector

- Fund for Professional Rehabilitation and Employment of Persons with Disabilities
- Project Department
- Internal Audit Department
- Personnel and General Affairs Service
- Financial Affairs and Public Procurement Service.

According to the division of labour between the different levels of the PES, the Head Office is in charge of law enforcement drafted by the Ministry of Labour and Social Welfare. It controls the budgeting and payment processes, provides methodological guidelines for the implementation of services and monitors the collection of administrative data. The Regional and Local Offices, in turn, are in charge of directly providing services to jobseekers and employers.

The main **goal of the PES** is to help the unemployed in getting involved in the world of work as quickly and as readily as possible. At the same time, the PES strives to offer employers the most suitable candidates for filling their vacancies to address the challenges they face in pursuing their business.

The **objectives** of the PES are defined in the “National Employment Strategy 2021-2025” and are related to

- achieving employment growth
- investing in quality and safe jobs through improving the business environment
- creating knowledge and competencies for the labour market in the digital age
- improvement of the position of the unemployed in the labour market through efficient labour market services and ALMPs
- strengthening social inclusion and reducing poverty
- ensuring the efficient functioning of the labour market.

To measure the performance of the PES and the achievement of its objectives, the following set of eight **KPIs** is applied.

- Total number of unemployed
- Population employment rate age 20-64
- Unemployment rate age 15-74
- NEET rate for youths age 15-24
- Gender gap in employment
- Increase of registered employment
- Increase of participation of individuals who have basic or above basic overall digital skills for the population age 16-74
- Reduction of the registered unemployment rate.

According to the **rules of registration** with the PES, an unemployed person or an applicant for employment is registered in the PES records according to his or her place of residence or stay. In that case, he or she is obliged to respond to every call of the PES, at least once during 45 days in person, to prepare for employment. Registration of the unemployed in the register of the unemployed in the PES is a condition for obtaining unemployment benefits.

The realisation of revenues and the execution of expenditures of the PES are done through the Government Budget of Montenegro. The Steering Board of the PES adopts the draft budget and submits it to the Ministry of Finance for the preparation of the Montenegro Draft Government Budget by the Government for the Parliament of Montenegro. However, when the budget is approved for the fiscal year, the PES is autonomous regarding funds allocated to specific ALMPs.

As can be seen in Table 1 below, the budget of the PES displays a significant increase of about 39% from 2018 to 2021. This is a development which can be observed in most PES and is most likely due to measures for softening the impact of the COVID-19 pandemic. The increase of the budget focuses on the expenditures for benefits as well as other expenditures while at the same time there is even a decrease in the expenditures for staff costs and ALMPs.

Table 1: **Expenditures and human resources of the PES**

	2018	2019	2020	2021	2018	2019	2020	2021
Annual expenditure of PES (EUR)								
Total PES expenditure (EUR)	27,952,990	32,273,919	39,346,697	38,810,012	100	100	100	100
of which (in absolute numbers)					a share of which, %			
Expenditure for benefits (EUR)	11,825,903	16,155,000	17,723,649	17,384,240	42.3%	50.1%	45.0%	44.8%
Expenditure for ALMPs	3,727,896	3,032,774	3,393,640	2,808,339	13.3%	9.4%	8.6%	7.2%
Expenditure for staff costs (EUR)	3,258,878	3,333,633	3,143,998	3,210,851	11.7%	10.3%	8.0%	8.3%
Other running costs of PES (EUR)	3,308,117	1,127,584	2,489,632	3,633,400	11.8%	3.5%	6.3%	9.4%
Other expenditure (EUR)	5,832,193	8,624,926	12,595,776	11,773,180	20.9%	26.7%	32.0%	30.3%
PES Staff (in absolute numbers)					year to year change			
Total PES staff (31 December of the year in FTE)	333	301	314	309	-	-9.6%	4.3%	-1.6%

Exclusively servicing jobseekers (31 December of the year in FTE)	92	92	83	86	-	0.0%	-9.8%	3.6%
Exclusively servicing employers (31 December of the year in FTE)	26	26	26	27	-	0.0%	0.0%	3.8%

The decrease in staff costs is mirrored by the development of total PES staff from 2018 to 2021. After a relatively strong decrease in 2019 and a smaller increase in 2020, there are currently 309 FET employed at the PES. Only about 27% of these employees are in charge of exclusively servicing jobseekers and about 9% are tasked with exclusively servicing employers. These shares are relatively low but might also be due to the fact that employees of the PES usually fulfil several functions, especially in smaller Local Offices. Considering the number of unemployed persons, the average number of registered unemployed persons per counsellor amounts to around 650 (March 2022) which points to a relatively high caseload for counsellors although it is similar to the ratio in other WB economies.

3. Description of services and ALMPs

The PES provides services to both employers and jobseekers and implements a broad range of ALMPs. All of its services are standardised as documented in a Book of Procedures which is communicated to all employees. This approach to standardisation is regarded as a good practice among the government institutions of Montenegro. At the moment, there are also efforts at refining the standardisation by the development of work process diagrams, an effort which is supported by the ILO. Additionally, the Book of Procedures is set to be revised next year.

The process of **services for jobseekers** starts with the registration of jobseekers which is performed according to the rules outlined in the previous section. The second step which also marks the start of the process of employment mediation as such, is the profiling of jobseekers. To assess the individual employability of a jobseeker, several characteristics are considered by the counsellor in charge of the profiling:

- qualification
- special knowledge and skills
- personal characteristics (e.g., gender and age)
- social and health-related situation
- job search times
- professional interest
- motivation
- career management skills.

There are ongoing efforts at automating the process of profiling which are carried out by the PES with support from the ILO. However, this system is currently not fully functional and implemented throughout the PES, due to a need for more evidence and technical limitations. However, both the process of registration and profiling are supported by the IT of the PES although they are not automated.

Based on the results of the profiling, the jobseeker is classified by the counsellor according to one of two categories. Either the person is considered “directly employable” which implies that the person is expected to find employment within the next 12 months and has less need for support by the counsellor. Thus, he or she is usually immediately directed to employment mediation or autonomous job search. Otherwise, the person is considered “conditionally employable” and thus not expected to find employment within the next 12 months due to significant barriers to (re-)integration into the labour market. In this case, more personal support is offered to this group of jobseekers. The profiling can be repeated if the situation of a jobseeker changes or additional information is available but there is no fixed interval for repeating this task on a routine basis.

The use of two segments for classifying jobseekers can be considered a relatively coarse approach to segmentation of jobseekers since most other PES apply three segments or even further differentiations among jobseekers. Also, there is no really formalised approach to linking different segments to specific services or support measures based on specific needs of different groups of jobseekers. However, there are currently plans of the PES to focus more strongly on the group of “conditionally employable” jobseekers and the varying needs of its main sub-groups such as persons with disabilities, long-term unemployed or members of the Roma community. In addition, there is also an ongoing development of a statistical profile with the support of the ILO (see also below).

Furthermore, there is also the option to refer a jobseeker to specialised counsellors during the process of profiling. Especially in cases displaying a need for more specialised support, a jobseeker can be referred to a career guidance counsellor, a vocational rehabilitation counsellor or a counsellor for ALMPs and legal affairs. This is usually done on a case-by-case basis with specialised counsellors available in all Regional Offices.

The actual planning of the process of (re-)integration into the labour market is based on an Individual Action Plan (IAP) which should be concluded within 45 days of a jobseeker’s initial registration with the PES. This document lays down the activities and obligations of both the unemployed persons and the PES with corresponding deadlines for their implementation. Typically, the IAP contains an overview on potential jobs and occupations and actions to be taken in the course of job search by the jobseeker and also describes potential sanctions should a jobseeker fail to comply with the agreed-upon actions. It is signed by counsellor and jobseeker and its fulfilment is subsequently monitored in the process of mediation. Like the segmentation, the IAP can also be adapted in case of relevant changes and developments but there are no set rules or intervals when and why this task is performed.

Regarding more specific services for, the PES also provides measures of early intervention in case redundancies are announced by an employer. To prevent unemployment, meetings are held with the employer and the relevant union and information is provided to employees who are about to be laid off. They are provided information and offered relevant services and ALMPs which are aimed at supporting their speedy re-integration or facilitating a job-to-job transition. This support can also include individual interviews of counsellors with the relevant employees.

The Youth Guarantee (YG), as foreseen by the EU, is currently not implemented by the PES although its implementation is currently under preparation (see below). At the moment, though, the PES does implement the Government’s Youth Employment Support Programme to support the transition of young persons into the labour market and thus has a similar target as the YG. The current programme is sub-divided into two specific programmes – “Youth in Support of Agricultural Development” and “Support to Training and Employment of Youth for Inspection”. Both programmes provide an initial two-months training and prepare the participants for a potential employment in the fields of agriculture and inspection activities respectively. After completing the training, participants are then employed by public institutions for nine months in the same field while receiving a monthly wage of 450 EUR.

Regarding the **services for employers**, the other main group of PES customers, the approach of the PES is based on a number of documents, but not a dedicated strategy detailing the support provided by the PES to employers. To identify the needs of employers, labour market analyses as well as surveys among employers are conducted by the PES. Also, direct contacts with employers in the

course of service provision are a relevant source of information for the PES to inform the approach to employer services.

A specialised unit exclusively dedicated to employer services used to exist in the Head Office of the PES, but this unit was dissolved and integrated into the Department for Employment Mediation, Cooperation with Employers and Career Planning during a recent organisational restructuring. Currently there are only three counsellors at the Head Office exclusively servicing employers while there remain specialised counsellors for employers throughout the Regional and Local Offices.

One core service for employers performed by the Head Office is the announcing of vacancies which is done in print media and through the website of the PES. Data on vacancies is collected through the Regional and Local Offices of the PES and then published domestically. Furthermore, the Head Office and Regional Office in cooperation periodically visit employers in person, participate in regional round tables of employers and their bodies, implement job fairs and publish promotional materials on the services and ALMPs provided by the PES to employers.

Employers in Montenegro are obliged to register all their vacancies with the PES, which provides a broad basis for the process of matching jobseekers and vacancies. The actual matching is based on the information acquired from the employer on the requirements for the corresponding vacancy, e.g. regarding skills, on the one hand, and information on the skills and preferences of registered jobseekers on the other hand. The IT system acts as an interface between employer counsellors and jobseeker counsellors and facilitates the choice of potential candidates for each vacancy. Apart from skills and competences this IT system can also take into consideration regional mobility. Based on the discretion of the employer counsellor, a vacancy is either accessible for jobseeker counsellors "regionally" or "nationally". Jobseekers who meet the corresponding criteria of a vacancy receive information on this opportunity but there is no fixed number of potential candidates from the pool of jobseekers who should apply for each vacancy. After this matching of vacancy and jobseeker, the further progress of the application process is monitored by counsellors. In case of a lack of suitable candidates from the PES register, counsellors try to adapt the employment conditions in cooperation with the employer to facilitate the choice of a suitable candidate for filling the vacancy.

For the actual provision of services, the most prominent channel in the PES remains face-to-face contact although also in Montenegro there has been a significant shift to online services due to the COVID-19 pandemic. This included an intensified use of e-mail, telephone, electronic (voice) messaging and the use of an online portal as well as regular postal services. To further digitise PES processes, it is also planned to launch a new online PES platform for the use of both jobseekers and employers still this summer. A digitisation of services is also envisaged for the process of registration and registering applications as well as applications for financial compensation. Although these are relevant steps towards a digitisation of services, there are still certain reservation regarding a reinforced switch to digital service provision in the Montenegro PES. The insights provided by face-to-face contact are considered to provide better insights in the specific needs of jobseekers and employers, thus facilitating the provision of services tailored to the needs of customers. At the same time, digital services are available to a broad audience simultaneously with less involvement of PES staff. However, digital literacy and access to the required infrastructure are significant restrictions especially for vulnerable groups such as older jobseekers or jobseekers with little education for accessing PES services. In these cases, personal services will remain the preferred channel of service provision for the near future.

While the benefits of digital services are well recognised, there are still two aspects considered problematic by the PES. On the one hand, the absence of face-to-face interaction with customers is found to be problematic since it is more difficult to gain deeper insights into the individual needs, both among jobseekers and employers. On the other hand, digital literacy and access to the relevant infrastructure remain limited at least among a relevant share of the customers of the PES. This holds especially true for older and less educated jobseekers. Thus, face-to-face interaction will remain an integral part of services, especially for vulnerable groups of jobseekers.

Apart from the services for jobseekers and employers described so far, the PES also implements a number of **ALMPs**.¹

Table 2: **Active Labour Market Policies in 2021**²

	Number of participants
«Personal assistant» and «Care of the elderly»	302
Environmental protection programs, educational, cultural and other socially beneficial programs	284
Public works in total	586
Incentive to work seasonal employment	66
Training for work at the employer	207
Training for independent work	255
Education and training of adults	58
Loans Innovative program	1
ALMPs in Total	1,173
Other measures	
Pilot project «Activating women»	5
Professional training of persons with acquired higher education	3,258

With a share of 50%, public works are the most dominant ALMP currently implemented by the PES, followed by training for independent work (22%) and training for work at the employer (18%), while the remaining ALMPs are of lesser relevance quantitatively.

Another core task of the PES refers to the implementation of **ALMPs**. Table 3 presents the list of services and active labour market policy measures provided by the PES (in the right column of the table, highlighted with **contrasting colour**) and how they correspond to the classification of the PES services and measures of the Labour Market Policy (LMP) database briefly introduced in the text box (in the left column of the table).

¹ For a more detailed overview on ALMPs in Montenegro as well as evaluation results see Bejaković, Predrag (2021): The evaluation of active labour market policy in Montenegro.

² The figures are based on the Report on Work for 2021, Employment Agency of Montenegro, 2021, available on <https://www.zzzcg.me/wp-content/uploads/2022/02/lzvještaj-o-radu-ZZZCG-za-2021.-godinu-1.2.2022-1.pdf>

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** cover all services and activities of the public employment service (PES) together with any other publicly funded services for jobseekers.
- **LMP measures** 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** 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&intPagId=3227&langId=en>

Table 3: **ALMPs and services provided by PES by LMP DB categories³**

1.	Labour market services	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"> - Counselling of jobseekers and employers - Individual Action Plans

1.2.	Other activities of the PES	- Administration of LMP measures
2.	Training	
	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	- Education and training of adults - Professional training of persons with acquired higher education
2.2	Workplace training	- Training for work at the employer - Training for independent work
2.3	Alternate training	
2.4	Special support for apprenticeship	
4.	Employment incentives	
	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	- Incentive to work seasonal employment
4.2	Employment maintenance incentives	
4.3	Job rotation and job sharing	
5.	Sheltered and supported employment and rehabilitation	
	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	- Vocational rehabilitation measures
6.	Direct job creation	
	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 («Personal assistant», «Care of the elderly» and Environmental protection programs, educational, cultural and other socially beneficial programmes)
7.	Start-up incentives	
	covers measures that promote entrepreneurship by encouraging the unemployed and other target groups to start their own business or to become self-employed.	

As highlighted above, one important type of ALMPs implemented by the PES are the **public works** which fall under the classification of **direct job creation** since they create additional employment for long-term unemployed persons with a focus on socially useful work. Three programmes currently implemented by the PES fall into this category. Firstly, the projects “personal assistant” and “care

³ 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://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1))

for the elderly”. Both of these ALMPs focus on the care sector and thus provide the opportunity for jobseekers to gather work experience in these socially useful tasks by providing services to people in need for a limited period of time, in this case a period of four months. In these two programmes, a total of 586 jobseekers was employed in 2021. Secondly, there is a group of public works covering a broad variety of tasks such as environmental protection programmes as well as educational, cultural and other socially beneficial programmes which usually last for a period of three months. For all these programmes, the number of participants amounted to 284 persons in 2021.

Like most other PES, the Montenegro PES also offers wage subsidies for the employment of unemployed jobseekers which can be categorised as **employment incentives**. In this case, the measure implemented by the PES has a specific focus on seasonal employment which is meant to encourage jobseekers to also take up temporarily limited jobs by granting additional subsidies. Thus, this measure can be considered a **recruitment incentive**, more specifically. In 2021, with a total of 66 there was a relatively low number of participants for this ALMP.

Furthermore, the PES offers a variety of ALMPs which fall under the category of **training**. One of them, the programme “training for work at the employer” is directed at jobseekers with a lack of practical skills and knowledge. To prepare jobseekers for employment and learn new skills required by employers, they can take up a training with an employer from the private sector which has increased its number of employees over the last year. This **workplace training** usually lasts for 6 months, but at least has the duration of one month. In 2021, there were 207 participants in this ALMP, which is considered relatively successful according to recent evaluations.

A similar ALMP, “**training for independent work**” is also implemented by the PES and targets jobseekers with secondary education attainment lacking work experience in the corresponding field of their education. In this case, though, the focus is on enabling the participants to work independently. Ideally, participants should be able to pass a professional exam after completing the training which usually lasts for six months. As is the case for the above-mentioned training programme, this ALMP is also implemented by the PES in cooperation with employers from the private sector which displayed an increase in its number of employees over the last year. For the implementation of this **workplace training**, employers are expected to adapt the content to the professional and personal needs of the individual participant. With a total of 255 participants in 2021, this ALMP proved relatively popular and – like the other workplace training – is also considered relatively successful based on evaluation results. Still, it is worth mentioning that the evaluator highlights the need to carefully choose suitable employers while also encouraging them to contribute to the costs of the programme.

Another **training** measure is the ALMP “**education and training of adults**”. These programmes are not implemented by the PES in cooperation with private employers. Instead, they are conducted by licensed organisers of adult education, and can thus be classified as **institutional training**. These institutions provide training to unemployed persons for acquiring professional qualifications such as general key competences but also offer opportunities to gather more specific work experience and gain skills required for specific jobs. This ALMP is meant to enable both unemployed persons to increase their employability and employed persons to retain their employment also under the conditions of technological and structural change. In contrast to the two previously mentioned training programmes implemented in cooperation with employers, the evaluation results for this programme are less favourable. This is also mirrored by the fact that there were only 58 participants in this ALMP in 2021, while the number of participants for the years of 2017 to 2019 were much higher, ranging from 500 to 1,300 participants. Also, it has to be noted that the programme was not implemented in

2020 due to restrictions related to the COVID-19 pandemic.

The “Loans Innovative” programme is listed as an additional ALMP but displays only one single participant for 2021 and can thus be considered negligible.

In the category “other measures”, two additional programmes are listed by the PES: the pilot project “activating women” with 5 participants and the “professional training of persons with acquired higher education” which included almost 3,000 participants in 2021. The latter is a vocational training programme and can thus be classified as an **institutional training** although this task is beyond the mandate of most other PES.

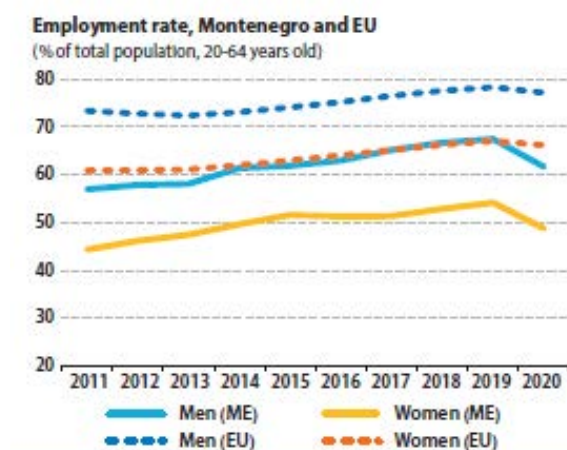
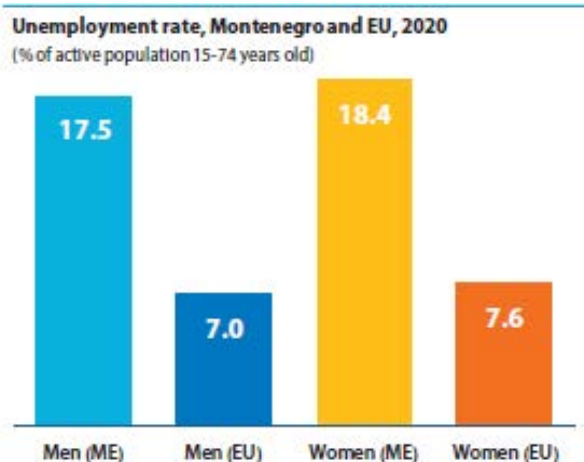
Although there are no figures given for the participants, the PES also implements **measures of vocational rehabilitation** as a sub-type of **sheltered and supported employment and rehabilitation**. There have been considerable efforts over the last years to build an institutional structure to provide support to this group of disadvantaged persons. On the one hand, there is a Centre for professional rehabilitation in Podgorica which conducts these measures. On the other hand, there are also agreements with two private service providers offering additional services, also in cooperation with employers (see Annex I for details).

Against the background of this overview, it is apparent that the programmes implemented by the PES cover most of the main categories of the LMP database. At the same time, there is a certain lack of measures in one category: **start-up incentives**. It could be worth considering to increase efforts in this field which is aimed at encouraging entrepreneurship. Implementing measures for this group would broaden the portfolio of the PES and increase support for another relevant target group for which no specific measures are currently available. Furthermore, there is a strong focus on public works programmes although one of the main challenges of the labour market is the current skills mismatch. Thus, it could be a valuable step to intensify efforts in the area of training, especially **workplace training** which has proven to be relatively successful in the recent past.

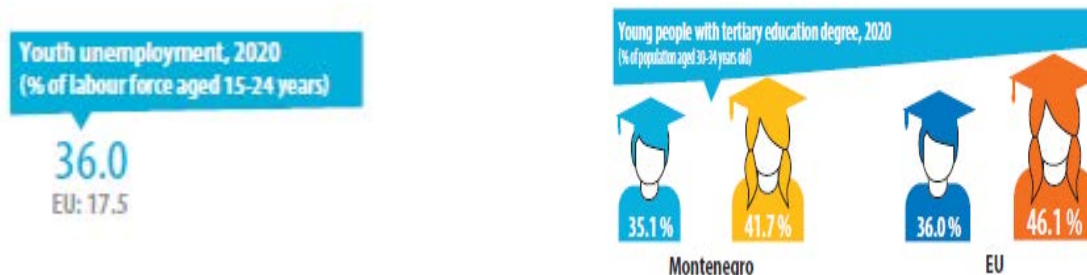
4. The labour market development 2019-2021

As is the case with almost every economy, the development of the labour market of the last two years has been dominated by the impact of the COVID-19 pandemic, also in Montenegro. As a consequence, in 2020, Montenegro has seen a large decrease in GDP under these circumstances as it moved from a yearly GDP growth of about 4% to a decrease of 15% in 2020. Additionally, the economy has also seen a rise of inflation in 2021 with an increase in prices of about 2.5%.

Regarding the labour market, prior to the COVID-19 pandemic, employment rates in Montenegro have been steadily increasing from 2011 to 2019, reaching a peak of almost 70% among men and 55% among women in 2018. Still, it has to be noted that these shares are significantly lower by about 10 percentage points when compared to the EU average. In the following years, between 2019 and 2020, there was a sharp drop in the employment rate which again can be attributed to the impact of the COVID-19 pandemic. Thus, in 2020 the employment rate for men amounted to around 60% while for women it was slightly below 50%. The fact that the pandemic affected the employment in Montenegro so severely, almost comparable in size to the EU, might be due to the importance of the service sector in Montenegro. Thus, it seems plausible that there were particularly high number of lay-offs in this sector during the pandemic.



Unemployment rates in 2020 were at 17.5% for men and 18.4% for women, more than double the EU unemployment rates for the same year. Youth unemployment is especially worrying with 36% of young people being unemployed, which equals more than one in three young people. Again, this is more than double of the EU unemployment rate in this age groups which was 17.5% in 2020. On a more positive note, there is also the observation that the share of young people with tertiary education is relatively similar to EU levels for men with 35.1% for Montenegro and 41.7% for the EU average while somewhat lower than the EU level for women at 35.1 percent and 41.7 percent respectively.



Source: Eurostat⁴.

A closer look at more detailed statistics reveals several challenges of the labour market. For once, the activity rate as displayed in Table 4 is relatively low with a total activity rate of 61.5% in 2020 which is more than 11 percentage points below the EU average of 72.7%. In addition, the differences are even more nuanced for women where the difference between Montenegro and the EU average amounts to almost 13 percentage points while in the younger age group between 15 and 24 only 24.8% of women were active on the labour market in 2020, compared to 34.8% in the EU which is exactly 10 percentage points more.

Table 4. **Activity rate, %**

Age group	Montenegro, 2019			Montenegro, 2020			EU-27, 2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-24	41.6	31.1	36.5	36.4	24.8	30.9	40.5	34.8	38.1
55-64	63.9	44.9	54.1	59.3	39.2	49.0	69.9	56.2	62.9
15-64	73.3	59.1	66.2	68.3	54.7	61.5	78.2	67.3	72.7

This tendency is mirrored by the employment rate, as already discussed above. After a short drop of almost 6 percentage points from 2019 to 2020, only half of the working age population of Montenegro was employed in 2020, while this share amounted to 67% in the EU. Again, the gender-specific differences are even stronger for Montenegro when compared to the corresponding values for the EU average.

Table 5. **Employment rate, %**

Age group	2019			2020			EU-27, 2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-24	30.9	23.5	27.3	33.8	15.0	19.8	33.8	29.0	31.4
55-64	59.8	40.9	50.1	53.5	35.5	44.2	65.6	53.1	59.2
15-64	62.3	49.7	56.0	56.1	44.4	50.3	72.1	53.0	67.0

Again, the statistics on the unemployment rate paint the same picture as described for the employment and activity rate. Although the increase in the unemployment rate was less drastic from 2019 to 2020 when compared to the other indicators, with an increase of 2.7 percentage points, the overall unemployment rate in Montenegro was at 17.9% in 2020, which is 10.7 percentage points higher than the EU average. In this case, though, the gender-specific differences are less pronounced with

⁴ Factsheets, 2021 edition, KS-08-21-097-EN-N

an unemployment rate of 17.5% among men and 18.4% among women in Montenegro. This might also be due to the status of women who are not working but not formally considered unemployed.

Table 6. **Unemployment rate, %**

Age group	2019			2020			EU-27, 2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-24	25.8	24.3	25.2	33.6	39.7	36.0	16.9	16.7	16.8
55-74	6.2	8.3	7.1	8.9	8.1	8.5	5.2	5.1	5.2
15-74	14.7	15.7	15.2	17.5	18.4	17.9	7.0	7.5	7.2

The PES performance indicators provide some additional insights into the activities of the PES over the last three years as can be seen in Table 7 below. The monthly transitions from the unemployment register were around 1,100 for the years 2019 and 2020 which were dominated by the COVID-19 pandemic while there was a significant increase in 2021 when the average monthly outflow was more than 1,500 jobseekers. This points to a recovery of the labour market in Montenegro, which is also mirrored by the number of vacancies notified to the PES per month. This number increased from about 2,000 in 2019 and 2020 to almost 2,700 in 2021.

Regarding the transitions from unemployment to employment, the majority of transitions focusses on the first 12 months of unemployment. About four out of five jobseekers who transition into the labour market do so within the first twelve months of unemployment. The share of fast transitions within the first six months of unemployment amounts to about two thirds. These figures highlight the fact the successful transitions mostly focus on the beginning of the individual unemployment spell.

Table 7. **PES performance indicators**

Indicator	unit	2019	2020	2021
Transition from the RU	Average monthly outflow	36.3%	40.9%	53.7%
Transition from unemployment to employment	Average monthly outflow	1,147	1,181	1,534
Fast (within 6 months) transitions	Average monthly outflow	63.3%	68.3%	60.7%
Medium (within 12 months) transitions	Average monthly outflow	78.7%	82.9%	81.3%
Share of RUs employed	Monthly average	93.6%	76.3%	70.7%
Number of vacancies notified to the PES per month	Average monthly inflow	2,013	1,895	2,695
Relationship RUs/vacancies	Monthly average	n.a.	n.a.	n.a.

5. Most important developments since ESAP 1

One crucial change that has occurred since ESAP 1 concerns the organisational structure of the PES. Due to a change in the general regional structure of Montenegro which led to an increase in municipalities, also one additional Regional Office has been added to the PES structure as well as six Local Offices. This change does not only reflect the changed regional structure of Montenegro as such but is also due to the need for Local Offices on the level of municipalities. During the same span of time, though, the number of PES employees has decreased by 11 people when compared to ESAP 1. Thus, there are in practice less employees to staff a growing number of Regional and Local Offices.

Regarding the ALMPs, there were no significant changes over the last years. Some new ALMPs have been implemented only in some years during the previous period such as “Youth as a support for agricultural development” and „Support for the training and employment of young people for the tasks of inspection and supervision”. Other ALMPs were not implemented in a given year, such as “training for work with an employer” and “training for independent work”. Also, there were some shifts in the number of participants like a weakened focus on “education and training for adults”.

Another development concerns the implementation of the Youth Guarantee. Although the introduction of the Youth Guarantee has not started yet in Montenegro, a working team was formed in 2021 to prepare for this task. The team consists of representatives of all relevant institutions dealing with the development and implementation of youth policies. The project is managed by the coordinator within the unit established within the Ministry of Economic Development. Other partners, including the PES, have appointed a contact person who is in constant contact with the coordinator. The tasks of the contact persons are to monitor the implementation of activities from the implementation plan of the Youth Guarantee (YG) in their respective jurisdiction, such as education, social protection or proactive action.

In this context, the PES is recognized as the main partner in the implementation of the Youth Guarantee by all institutions involved and is responsible for the following tasks:

- Registration of young people from the NEET group in the scheme for the implementation of YG services
- Realisation of preparatory services such as profiling, counselling, career guidance, individual employment planning, matching with vacancies, improving digital skills
- Providing a quality offer of employment, continuing education, internships and apprenticeships
- Monitoring of the implementation of the YG (inflow/outflow of participants, implementation of offers within 4 months, status of young people from the NEET group during accompanying activities).

While this observation stresses the relevance of the PES for the implementation of the YG, there are still various challenges crucial for a successful implementation. This refers to policy at central level but also more practical matters like the planning of service provision and allocation of financial resources. Also, the requirements regarding data have to be considered carefully for a successful implementation in line with EU requirements.

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

As was the case with practically all PES, the COVID-19 pandemic proved to be a challenge to the PES of Montenegro as well. Due to the economic impact of the pandemic, unemployment increased significantly during the first year of the pandemic with about 10,000 newly registered unemployed with the PES. The overall situation of the pandemic and its impact on the labour market meant that the targets of the PES initially set for 2020 and 2021 were not met; a situation which can also be observed, for example, among the EU PES.

There were several emergency measures launched by the Government of Montenegro which also caused the need for changes in the PES organisation, its work arrangements, service provision and general functioning. In line with the general measures to prevent the spread of the COVID-19 virus, the PES adopted a set of measures in March 2020 to protect its staff and customers while at the same time ensuring the provision of its core services also under these changed circumstances. The measures were repeatedly adjusted and supplemented based on the development of the epidemiological situation over the following months. However, the adaption of government regulations to the specific circumstances of the PES also posed significant challenges. To make customers aware of these changes and adaptations of services, several channels of communication were used, such as public media, the website of the PES, the provision of information on the phone as well as physical notes displayed on the premises of the PES offices.

One example for the protection of staff was the provision of means of protection for employees such as protective panels made of plexiglass, masks and visors as well as disinfectants. To reduce personal contact with customers, also the process of registration and communication via e-mail was facilitated by implementing specific e-mail accounts throughout all offices of the PES. Thus, during a certain period of time, services were provided to all users by e-mail or telephone (sms, voice mail), through the online portal of the PES or postal services. This change of service channels was applied, among other things, to unemployed persons already registered with the PES, those persons registering with the PES during the pandemic but also to the publishing of vacancies, the issuing of certificates or reports on professional training. This switch of channels is considered by the PES to have been successful since there were no major complaints from customers or lawsuits while at the same time requests from jobseekers and employers were still answered appropriately in spite of the difficult circumstances. However, the ambivalence of the PES regarding digital services already mentioned above is also relevant in this context. While there are undeniable upsides to digital services – such as reaching a broad audience with little effort – there are also downsides. The latter refer to the absence of personal contact which can hamper the process of counselling but also the issues of digital literacy and access to the necessary infrastructure, especially among vulnerable groups such as members of the Roma population, elderly people or persons with disabilities.

Also, due to contact restrictions and regulations most ALMPs were not implemented during that time and the organisation of group information and motivation seminars was suspended temporarily. Similarly, contacts with employers were reduced to a minimum and mainly focussed on mandatory activities while the implementation of the employers' survey had to be transferred to a web application.

Apart from these challenges there are also positive developments related to the COVID-19 pandemic which are worth mentioning. To support the process of sustainable activation, work has started on the development of a statistical profiling model for the PES. This activity is a part of the project "Mitigating the effects of COVID-19 on the world of work in Montenegro". With the support of the ILO, the development has been initiated in August 2020. The model is meant to enable the automatic profiling and segmentation of jobseekers. The support of the ILO in this context is focussed on the identification of the most relevant variables for profiling and their weighting as well as the development of a corresponding IT solution and training of counsellors in its application. However, due to technical difficulties the model was still under development during the time of the peer review but is expected to facilitate the process of service provision to jobseekers significantly.

Another example for a positive development initiated by the pandemic is also part of the above-mentioned project "Mitigating the effects of COVID-19 on the world of work in Montenegro". Based on the ILO recommendations on harmonising and standardising services throughout the PES, a Book of Procedures for the systemisation of the PES has been drafted which also addresses the necessary work experience for the positions of deputy directors, heads of sector, independent advisors I, II and III as well as independent clerk, senior clerk, clerk and employee of the PES. This has become a crucial document for strengthening the standardisation of service provision throughout the offices of the PES.

Although it has to be appreciated that the PES managed to provide services also under the difficult conditions of the COVID-19 pandemic, this task at the same time proved to be a considerable challenge, also because there were no pre-existing strategies to tackling a crisis. The handling of the crisis would most likely have benefited from pre-existing emergency plans or a broader approach to risk management. Furthermore, the PES was mostly just executing orders of the government of Montenegro with little contributions regarding the overall strategy for addressing the crisis. Similarly, the PES has not been involved in the evaluation of the measures taken during the crisis. A more inclusive and cooperative approach in handling future emergency situations together with the government of Montenegro and the PES might support a more effective handling of the challenges.

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

There are several strengths of the PES worth highlighting but also several areas which were identified during the peer review which display room for enhancement. Both aspects are discussed in this section.

In the area of **performance management**, the PES has a clearly defined process for defining goals and strategies directed at achieving them. The goals are derived from the “National Employment Strategy 2020-2025”. An additional strength in this context refers to the existence of a clear process and practice of involving PES employees in defining goals and making proposals for potential additional goals. This opportunity exists for employees in all organisational units of the PES and is not restricted to the Head Office, but also applied in Local and Regional Offices. To participate in this process, employees prepare proposals to their supervisors, who then discuss the proposals with the management of the PES. Finally, the proposals are discussed between representatives of the PES and the Ministry of Labour and Social Welfare. The suggestions of all employees are respected in this process and all suggestions are discussed in different meetings. This can be considered a good example for an inclusive bottom-up approach in the process target-setting.

Also referring to the performance management the process of measuring performance indicators at the regional and local level can be mentioned as a strength. These indicators allow the PES to monitor the realisation of certain goals while also serving to identify the need for potential corrective measures and monitor their implementation.

Regarding the **design of operational processes** it has to be highlighted that the operational processes of the PES are well defined which specifically points to a functioning approach to process definition and standardisation. There are established rules and procedures in defining and standardising processes as documented in the Book of Procedures which was developed during the COVID-19 pandemic. This document, as well as the process of its preparation with support from the ILO are good examples of how to establish and standardise cooperation between sectors within a PES and harmonise the provision of services throughout the organisation. An integral part of this approach is also the practice of regularly reviewing processes to further improve the work of the PES.

Another aspect addressing the area of design of operational processes which is worth mentioning refers to the IT system of the PES. The IT system, its applications and database are centralised and unified at the level of the entire PES which ensures real-time access to unified data throughout the organisation. This facilitates the cooperation between the different units of the PES.

During the COVID-19 pandemic first steps have been taken in the more systematic provision of digital services, for example by the introduction of e-mail as a channel for registration and means of

communication with customers. However, there is currently no obvious strategy to systematically expand the use of digital services although the benefits of their use are generally acknowledged. Again, a further development of digital service provision at least for those jobseekers with adequate digital literacy and access to the required infrastructure would be a relevant next step in this process.

The development of an automatic profiling system which also supports the segmentation of jobseekers has started with support of the ILO, as mentioned in the previous section. This seems a promising approach for strengthening **sustainable activation and management of transitions**. However, this system is not yet fully functional and should thus be further developed and implemented throughout the PES in the near future. This would also support a more systematic approach to the segmentation of jobseekers which currently displays room for enhancement. The application of two very general segments and a lack of systematic approaches to identifying specific needs for different target groups hamper the provision of services tailored to the needs of different groups of jobseekers.

In the same context, the Individual Action Plan applied by the PES is based on a clearly defined process which systematically takes into account a broad range of information collected during the process of profiling. Also, the inclusion of suggestions made by counsellors for the further development of the Individual Action Plan can be regarded as a good practice to include staff in change processes. At the same time, it has to be noted that there are no fixed intervals for checking and revising the Individual Action Plan which might be helpful to ensure that this core document of the integration process is up-to-date and fit for purpose. The same is true for the profiling which is only repeated when considered necessary by the individual counsellor. Also in this case, pre-defined intervals for repeating the process are very likely to improve its use for the process of service provision and counselling.

Another strength refers to the field of **management of transitions** on the one hand and the **evidence-based design and implementation of services** on the other hand. The broad range of ALMPs implemented by the PES is an important part of the services offered to both jobseekers and employers. Also, the fact that the ALMPs are monitored and evaluated by a distinct internal unit of the PES as well as external experts are significant steps to ensure the quality of ALMPs and their continuous enhancement. At the same time, there seems to be significant potential for further developing the quality of data and refining the methodologies applied for data analysis and evaluations. More reliable information on the effectiveness of ALMPs, e.g. based on control group analyses, or even the efficiency of ALMPs taking into account cost-benefit ratios would be desirable. Also, the evaluations currently do not cover all ALMPs systematically but instead focus on selected measures.

In the area of **relations with employers** it has to be considered a relevant advantage that all vacancies must be registered with the PES which provides a very good foundation for the process of matching vacancies and jobseekers. At the same time, there is no dedicated strategy of the PES for servicing employers which can be considered a potential field of development for the future.

8. Suggestions and recommendations for enhancement

Several core areas which display room for enhancement for the PES have already been highlighted throughout this report. Based on the self-assessment and the results of the peer review the following recommendations are given to the PES to further enhance its services to jobseekers and employers.

Although in the area of **performance management** there is a defined process for measuring the achievement of targets, it is recommended to further enhance the techniques applied for their measurement so far. Thus, the possibility of simplifying targets and their achievement should be considered by the PES. In order to achieve this, an example of good practice from the French PES might be useful. In this PES, four indicators have been defined to support the understanding of the main goals of the PES among all its staff members. These are

- unemployment
- employers
- satisfaction with PES services
- payment of benefits to the unemployed.

To more transparently and efficiently communicate these targets and their achievements to all staff members of the PES, a manual has been created that contains easy-to-understand explanations on how these indicators are calculated. This way, counsellors gain a better understanding of the indicators and thus are more likely to achieve better results. To further support this process and increase the understanding of the manual and its indicators, also meetings were organised with Local Offices. Furthermore, data collection for the measurement of certain indicators is carried out in the French PES on either a daily, weekly or monthly basis, depending on the type of indicator, while data for some indicators are collected in longer time intervals (e.g. data obtained from research). Also, there is a practice of revising certain goals. For example, there are two targets that are revised twice a year taking into account economic trends and recent development such as the number of job vacancies and the number of long-term unemployed. Although these measures might be demanding to implement fully by the Montenegro PES, this approach can still serve as an inspiration for the further development of the current approach of measuring and communicating targets throughout the organisation.

Regarding the current set of targets more specifically, the inclusion of the indicator “satisfaction with PES services” should be considered by the PES. This indicator is currently not collected although it is significant considering that it represents the assessment of the quality of the services according to customers.

The approach of the PES to standardisation in the **design of operational processes** by developing a Book of Procedures has already been highlighted as a strength. Although this marks an important step on the level of the PES as a whole, it should also be considered to provide Local Offices with a certain leeway for adapting processes to their specific needs. Right now, Local Offices lack the autonomy to adapt the standardised processes to their specificities. This can be a limitation for Local Offices, since they differ in size, number of registered unemployed and overall economic situation. Encouraging the adaptation of processes within reasonable limits might be suited to improve the local provision of services and thus their effectiveness and the satisfaction of jobseekers and employers.

The increased use of electronic services and communication channels such as e-mail is another aspect in the **design of operational processes** which has already been highlighted, especially with regard to the service provision during the COVID-19 pandemic. However, there is still a potential in the use of digital services which can be further exploited by the PES. The further development of online services could, for example, refer to the introduction of a platform or application for collecting basic and general information on jobseekers which can be provided by jobseekers themselves. This would shorten the process of registration and data collection currently carried out by counsellors. It would reduce their administrative burden and would in turn free up resources which can be used for the provision of in-depth counselling as the core task of counsellors. Other segments of the PES services which would benefit from digitisation include the registration of vacancies by counsellors or the reports on the implementation of trainings carried out by external service providers.

In the area of **sustainable activation and management of transitions**, one recommendation refers to the approach to segmentation currently applied by the PES. Although the development of an automatic profiling as outlined above is strongly encouraged and has already progressed, this can also go hand-in-hand with a more thorough and systematic segmentation of jobseekers. Ideally, jobseekers can be classified according to their distance to their labour market and their specific needs so the services provided by the PES can be tailored more specifically to the needs of different target groups. Again, the French PES provides interesting approaches which might inspire a further development in this area. Here, jobseekers are allocated to different segments according to their distance to the labour market. This initial segmentation then forms the basis for allocating jobseekers to specialised counsellors. For example, some counsellors specialise in the support of hard-to-employ jobseekers while others focus on those who are easy to place. Thus, the approach to segmentation also implies a specialisation among counsellors. To account for the differences in working with different segments of jobseekers, the caseload of counsellors varies depending on their specialisation. While counsellors exclusively working with hard-to-employ jobseekers have a lower caseload, the corresponding caseload for counsellors working with those jobseekers who are easy to place are significantly lower. Similar approaches can be found also in other EU PES and point to relevant potential for tailoring the services of the PES to the needs of different groups of jobseekers.

As could be seen in section 3, public works are an important element in the portfolio of ALMPs provided by the PES for the implementation of **sustainable activation and management of transitions**. At the same time, it appears that the implementation of these programmes can be enhanced. Due to the fact that public works are organized in accordance with the public procurement system, the entire process from the selection of the contractor to the implementation of the actual programme can be time consuming and there is a risk of possible delays due to the public procurement procedures. For example, the selection of a contractor can be delayed in case of objections from defeated

competitors regarding the decision. In these cases, the corresponding programmes can not be implemented in a timely manner. Thus, streamlining the procurement process might be a valuable step to facilitate the provision of these ALMPs. This has already been done in the context of vocational rehabilitation (see also below) so it can be considered to apply this approach also to other ALMPs.

Although there are relevant efforts of the PES at strengthening its analytical capacities in the fields of monitoring and evaluation, it has to be noted that there is still limited capacity for systematic evaluation of ALMPs. Right now, evaluations are limited to some types of ALMPs and performed not regularly. Therefore, it is difficult to systematically assess the effectiveness or even efficiency of the ALMPs implemented in a reliable manner. To support these efforts, it is recommended to link the IT system with the implementation of ALMPs, so the available information on jobseekers can also be used for evaluation purposes. This development would serve to strengthen the current approach to **sustainable activation and management of transitions**. To systematically build on insights gained in the course of evaluations of ALMPs conducted so far, it can also be considered to adapt the currently implemented ALMPs in accordance with the findings provided by internal and external expertise and data. One case in point refers to the wage subsidies paid to employers. Given that employers do not participate in financing of the wages of participants of specific ALMPs, a question can be raised whether the resources allocated for certain measures are justified by the outcomes of the ALMPs. One option would be the inclusion of employers in financing at least part of the wages paid to the jobseekers. The funds saved, in turn, could be used to support an additional number of jobseekers with wage subsidies. This is one example for potential adjustment of an ALMP which might prove beneficial for the service provision of the PES. At the same time, this also points to the limitations in the implementation of ALMPs due to a lack of financial resources of the PES. Thus, the availability of additional resources or funding for specific programmes, e.g., by donors, could be another option to reinforce the use of ALMPs throughout the PES.

One service which is currently under preparation by the PES is the **implementation of the Youth Guarantee (YG)**. For its successful implementation there are several tasks and challenges for the PES worth highlighting. First of all, the timely introduction of policy reforms required for the implementation of the YG should be ensured. Furthermore, the provision of services in accordance with the YG – from the registration of participants to the monitoring of its implementation – needs careful planning and allocation of human and financial resources and thus would require a dedicated and streamlined workflow within the PES. At the same time, a well-organised workflow is the foundation for implementing one of the core tasks of the YG, the realisation of quality offers for all participants within four months. Another challenge in this context refers to the complex monitoring system required for the YG implementation. To meet the requirements regarding the data on the YG implementation, the collection and management of data has to be adapted to the corresponding EU standards by the PES. This also includes the way achievements are reported for this policy. Finally, it should be considered that strategies for proactive measures and tackling difficulties in involving young people have to be developed and implemented while at the same time bearing in mind that the YG is restricted only to unemployed young people.

The PES currently provides various **services to employers**. Although these services are based on a number of documents, a dedicated strategy for supporting this core group of PES customers is still lacking. To further improve the services and ensure a more systematic approach in this field, it is recommended to the PES to develop a strategy specifically dedicated to employers. One good source of inspiration in this context is provided by the surveys currently carried out among employers.

Information on their needs for both labour force and PES services could be a valuable building block for an employer strategy. Other elements could include the expertise of staff specialised in counselling employers as well as the inclusion of employer bodies on the economy level.

Regarding the **allocation of PES resources**, it has to be noted that the PES budget is currently centralised, which limits the flexibility of Local Offices. More flexible mechanisms for distributing the available funds are likely to improve the performance of the Local Offices, especially if there are ways to incentivise strong performance of Local Offices with the provision of additional resources.

A final recommendation refers to the area of **crisis management** which has played a significant role due to the COVID-19 pandemic for all PES over the last two years. The absence of a comprehensive risk register, a systematic risk management with dedicated emergency plans to ensure service provision in times of crisis has been a limiting factor for the PES when tackling unexpected situations.. Preparing a risk register, as it can be found in some of the Western Balkan PES would mark a significant first step in rising the awareness for potential risks throughout the PES. A systematic assessment of risks with the inclusion of staff from all levels and sectors will not only be helpful in case the COVID-19 pandemic becomes worse again, but will also help in addressing a broad variety of potential other threats to the PES.

9. Inspiring (good) practices

While the suggestions for enhancements have been discussed in the previous section, there are also examples of good practices of the Montenegro PES which are worth highlighting as well.

One of the examples of good practice refers to the **management of partnerships**, in particular in the field of vocational rehabilitation (Annex I). To ensure a successful implementation of this task, three employers/contractors of vocational rehabilitation were formed during the last years. These contractors have a considerable network of employers, at their disposal which is a core prerequisite for the effective implementation of rehabilitation measures. The contractor selection process itself is carried out by the competent ministry. Here it should be stressed that this selection procedure bypasses the restrictions that have been outlined for the selection of public works contractors which tend to hamper the process of their implementation. Thus, the timely implementation of the rehabilitation measures is also ensured by adapting procurement procedures accordingly. Furthermore, there is also a possibility to refer jobseekers to these vocational rehabilitation measures throughout the whole year, which makes this a comparatively flexible instrument taking into account the demand among jobseekers.

Another good practice which is especially relevant for all developing PES trying to secure a common standard of service provision throughout all Local Offices is the Book of Procedures of the Montenegro PES (Annex II). The definition and standardisation of processes is a crucial part of the **design of operational processes** and can be used as a reference for all staff members. The regular revision of this core document also adds to its relevance and ensures that it is adapted to changing circumstances and needs. Still, it should be mentioned that there is also room for enhancement in this good practice. This refers to the possibility to adapt certain processes to the specific needs and circumstances in local offices, as was pointed out in the previous section.

Annex I: Good Practice fiche: Development of a Book of Procedures

Field	
Name of the PES	Employment Agency of Montenegro
Short sentence summarising the practice	To define all relevant processes and secure a common standard of service provision throughout the whole organisation, the PES developed the Book of Procedures which provides documentation on the standards for all relevant services provided by the PES.
Scope of measure (a pilot project or a domestic reform)	Economy-wide
Short summary of key challenges addressed by the practice and outcomes/lessons learnt	The key challenge addressed by this practice was the need for establishing standards for service provision throughout the whole PES. To this end, all processes have been defined and standardises, as documented in the Book of Procedures. This approach was found to be helpful also outside of the PES which is why the Book of Procedures has been used as an example of good practice also by other public institutions of Montenegro.
When was the practice implemented? (including start and end date for pilot projects)	The Book of Procedures was adopted in 2015.
What was the driver for introducing the practice? Was it internal or external?	The driver was mainly internal since it was considered a key achievement for the PES to standardise its processes and provision of services, thus securing a high level of quality throughout the whole organisation.
Which organisation was involved in its implementation?	Audit team and service sector of the PES
Which groups were targeted by the practice?	This practice basically targets all employees of the PES since it provides guidance in the implementation and provision of all services offered by the PES.
What were the practice's main objectives?	The main objective was to develop a document that provides guidance on the implementation of all processes and services of the PES throughout the whole organisation.

Field

What activities were carried out?	<p>The process of defining and standardising operational processes was carried out according to the Guidelines of the Ministry of Finance and the Central Harmonization Unit, which provided the basis for the work of the sector in charge of drafting the Book of Procedures. These guidelines have been communicated in detail to all employees involved in the development of individual procedures.</p> <p>The book of procedures defines in detail the instructions for more efficient work of employees and describes the way of realisation of activities, responsibilities, deadlines for the completion of tasks and every step in the realisation of set goals. Therefore, with the aim of implementing a system of financial controls and management in the PES, as well as improving work and reducing risks in every day work, a set of internal procedures was created in order to properly, economically, efficiently and effectively use the funds approved by the budget.</p>
What were the source(s) of funding?	PES Budget
What are the lessons learnt and success factors?	Since the preparation of the Book of Procedures developed a system of financial management and control, these procedures strengthened the delegation of responsibilities, i.e., the duties and responsibilities delegated to middle management and employees were more clearly defined. This is very important for ensuring the adequate use of the funds.
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Annex II: Good practice: Implementation of vocational rehabilitation measures

Field	
Name of the PES	Employment Agency
Short sentence summarising the practice	The PES implements vocational rehabilitation measures by organising trainings for employers in cooperation with a licensed education provider for this area as well as through professional assistance in obtaining a license to carry out professional rehabilitation measures.
Scope of measure (a pilot project or a domestic reform)	Economy-wide
Short summary of key challenges addressed by the practice and outcomes/lessons learnt	Prior to the implementation of this measure, there was no adequate institutional structure in place to offer measures of vocational rehabilitation in Montenegro. Thus, at the initiative of the PES, the Ministry of Labour and Employment established the Centre for Vocational Rehabilitation in Podgorica and concluded additional agreements with two private service providers of vocational rehabilitation, thus creating the necessary institutional infrastructure.
When was the practice implemented? (including start and end date for pilot projects)	An initial pilot project on vocational rehabilitation has been implemented in 2011. Since 2013, this project has been repeated on a regular basis. Due to the great importance of vocational rehabilitation, the Government of Montenegro established the Public Institution «Center for Professional Rehabilitation» in Podgorica in November 2017 for the purpose of organizing and conducting vocational rehabilitation.
What was the driver for introducing the practice? Was it internal or external?	The driver was mainly internal since the relevance of providing measures of vocational rehabilitation to persons with disabilities was recognized as an important task of the PES but required a specialised institutional infrastructure to adequately implement these specialised services.
Which organisation was involved in its implementation?	The PES of Montenegro was the leader in this process but the cooperation with the relevant Ministry was essential in achieving the objective since it facilitated the establishment of a dedicated institution for vocational rehabilitation. Furthermore, two private service providers were involved in the implementation.

Field

Which groups were targeted by the practice?	Primarily, this measure was implemented to support persons with disabilities in their (re-)integration into the labour market. At the same time, this measure was also meant to encourage employers to provide training and employment opportunities for persons with disabilities.
What were the practice's main objectives?	One core objective was to build institutional capacities for providing measures of vocational rehabilitation for persons with disabilities by establishing a network of institutions and partners to take on the implementation of this task. Now, the PES can refer persons to vocational rehabilitation measures on the basis of cooperation agreements with contractors and provided tailored services to this target group.
What activities were carried out?	One step was the establishment of the Centre for Vocational Rehabilitation in Podgorica which was initiated by the PES and achieved with support from the relevant Ministry. This also required training of employees of the newly-founded Centre which was also carried out by professionals. A second step consisted in the conclusion of agreements with private service providers in this field of activities as well as establishing processes of cooperation and referral of jobseekers.
What were the source(s) of funding?	PES Budget, Fund for vocational rehabilitation
What are the lessons learnt and success factors?	A critical factor was the close cooperation with the relevant Ministry which also facilitated the procedures of procurement for the agreements with private services providers for vocational rehabilitation.
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