

Employment and Social Affairs Platform 2 #ESAP2

# PES Bench-learning Report Public Employment Services



Belgrade, 2022

# Employment and Social Affairs Platform 2

## #ESAP2

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Author: ICON-INSTITUT Public Sector GmbH  
Dr. Philipp Fuchs with the support of Prof. Galjina Ognjanov, PhD.

Editor: Amira Ramhorst, Ph.D.

Design: Samir Dedic

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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 8 to 9 September in Belgrade.

The **National Employment Services** (further in text referred to interchangeably as NES or PES) is a legal entity with the status of a mandatory social insurance organisation. Its legally defined mandate covers all services regarding employment and unemployment and the corresponding records. The organisation is based on a three-tier structure: a Head Office located in Kragujevac (including Belgrade Office), Regional Offices in Novi Sad and Kosovska Mitrovica, and on the local level 34 Local Branch Offices as well as 21 Service Centres and more than 120 Small Local Offices throughout the economy.

The **services for jobseekers** provided by the NES start with the process of registration. Documents can be provided via e-mail or directly by visiting the relevant Local Office. As a second step, a profiling of each jobseeker is carried out within 90 days after registration. Based on relevant information on characteristics like qualification, education and work experience as well as the labour market, a jobseeker is assigned to one of three segments depicting the proximity to the labour market. This classification structures the further process of support by the NES which is formally based on an Individual Action Plan agreed upon between jobseeker and counsellor. This document contains information on services and the use of ALMPs and is updated at least every six months to account for relevant changes. Further services of the NES in this area are specialised counselling for persons with disabilities as well as measures of early intervention for employers facing redundancies. The **Youth Guarantee** is currently not implemented although the NES is involved in activities for its preparation. One challenge for the implementation refers to the availability of a software for registering, tracking and profiling participants in line with the requirements of this measure.

A new department dedicated to **services for employers** has been established at the Head Office to strengthen efforts in this area. At the local level there are usually no specialised units for servicing employers but rather individual counsellors appointed to this task. They inform employers about the support of the NES, give advice on regulations for the use of ALMPs and collect vacancies. The matching of vacancies and jobseekers is another core task. To this end, employers can determine the intensity of support in filling their vacancies and the NES identifies the most suitable candidate from its register. This process is now based on the ISCO-08 standards which significantly facilitates matching.

As is the case in many other PES, the **channels for service provision** of the NES have shifted more to digital formats during the COVID-19 pandemic. Channels now include phone, e-mail, SMS as well as the newly-launched website of the NES and social media like LinkedIn. Also, some trainings and a job fair for employers and jobseekers have been transferred to digital formats. There are plans

for further expanding the digital portfolio, e.g. by implementing a completely digital process of registration for jobseekers.

The portfolio of **ALMPs** offered by the NES is relatively broad and covers most of the types according to the Labour Market Policy database. The relatively high number of workplace trainings as well as measures in the context of rehabilitation are worth highlighting. But the composition of participants in ALMPs points to the fact that this form of support focuses more on (high) skilled jobseekers, so support for the low-skilled could be strengthened.

Regarding the recent **developments on the labour market**, it has to be noticed that the impact of the COVID-19 pandemic was comparatively moderate. There was no increase in unemployment or decrease in employment although these rates remain significantly above and below respectively when compared to the EU average. Other challenges for the Serbian labour market are a very high unemployment rate among youths as well as a significant gender gap in employment at the disadvantage of women in Serbia.

Since the ESAP 1 Benchmarking, there have been several **changes and developments** in the NES. One crucial step was the adaption of ISCO-08 standards for the new Occupational Codebook to facilitate service provision. Also, the progress in the area of digitalisation has been considerable: the exchange of data with other register through the e-government systems has been intensified, digital services have been improved and developed and a new website has been launched. Important steps have been taken towards the implementation of the Youth Guarantee as another important measure of support.

The **COVID-19** pandemic mainly led to reduced working hours and reduction of the informal sector, according to analyses. But the impact was also visible in a relatively sharp decrease of vacancies from 2019 to 2020. Important adaptations from the NES to the challenges of the pandemic were the intensified provision of digital services and use of alternative channels of communication, the use of work from home and distribution of protective equipment but also the successful implementation of job retention schemes.

This quick adjustment to the COVID-19 pandemic is among the **strengths of the NES** identified during the peer review. This was facilitated by the organisational resilience of the NES which in turn is based on a strong Integrated Management System which includes a quality system, information security system, risk management and anti-bribery policy. Digitalisation is another strength: new digital services, an improved IT system and new website and exchange with other registers are valuable achievements to build upon. Also, the cooperation with domestic and international partners is worth highlighting since it supports the implementation of new programmes and secures broader support for the activities of the NES. Internally, the further development of human resources management can be considered a strength because it now includes annual assessments of needs for training as well as regular certification of counsellors to ensure their knowledge is up to date.

Based on the self-assessment and the peer review, there are also **recommendations** for the further development of the NES. The performance management could be furthered by applying more

concrete and measurable KPIs and a thorough evaluation of results to enhance organisational learning. Strengthening analytical capacities through more staff dedicated to data analysis and a refined approach to analysing data would help the NES to make more use of the available data. In the area of human resources management, a facilitation of hiring procedures and more incentives for staff are worth considering. Although partnerships are a strength of the NES, they would benefit from a more proactive approach, also to secure support for new services such as the Youth Guarantee. Finally, further development of a systematic approach to servicing employers, especially on the local level, is encouraged to strengthen services also for this group of customers.

Among the approaches which were considered **inspiring practices** by the peers, the measure “My First Salary” has to be highlighted which facilitates the transition of youths from education to employment through subsidised internships with employers. But also, the achievements of the NES in the area of digitalisation are noteworthy and include digital communication, virtual job fairs and online trainings for jobseekers.

# 1. Introduction

This report outlines the results of the second Benchlearning (BL) exercise carried out by the National Employment Service (NES), 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 NES held in Belgrade on 8-9 September 2022.

The participants of the peer review represented the PES from Western Balkans economies, PES from Albania, Bosnia and Herzegovina (Federation of Bosnia and Herzegovina PES (PES FBiH), Republika Srpska PES (PESRS), Brcko District PES (PESBD)), Kosovo\*, Montenegro, North Macedonia, EU PES (Hungary), as well as the RCC ESAP 2 project 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 1st WB PES BL cycle, the PES performance on crisis management and the impact of the COVID-19 pandemic on the overall PES performance were discussed as in addition to the core set of PES performance enablers.

The time and resources invested by the NES 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 methodological requirements were critical to its success.

This summary report is based on the information included in the PES self-assessment, presentations made by the official representatives of the NES during the peer review and outcomes of the discussion between peer PES representatives, peers, external and local experts and the RCC team. Some additional information provided by the local expert such as the list of the active labour market policy measures (ALMPs) and their characteristics were provided after the event and thus were not discussed with the PES staff. Strengths of the host PES and good practices primarily reflect the opinion of the WB peers while recommendations for certain areas of the PES performance improvement are formulated by the experts and take into account PES experiences and approaches outside the WB region.

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\* 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 National Employment Service of Serbia (NES) is a legal entity with the status of a mandatory social insurance organisation. Its **mandate** is defined on the basis of the Law on Employment and Unemployment Insurance and covers the handling of the following tasks:

- employment
- unemployment
- records in the field of employment and employment abroad.

In addition to the above, the NES also performs professional-organisational, administrative, economic-financial and other general tasks in the field of employment and unemployment insurance.

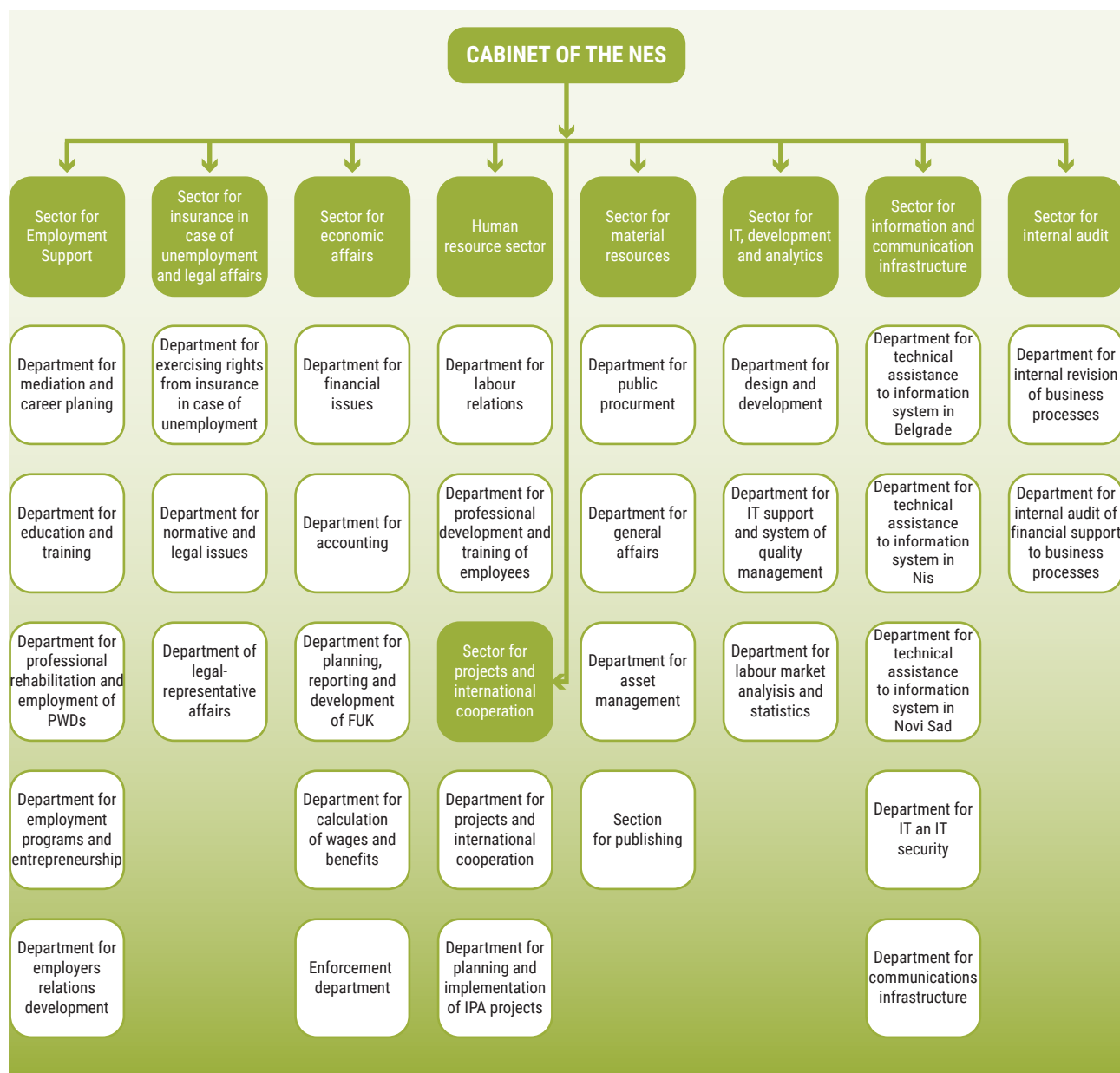
The **administrative structure** of the NES consists of three tiers:

- Head Office located in Belgrade (with a formal postal mailbox registered in Kragujevac)
- Provincial Offices in Novi Sad and Kosovska Mitrovica
- 34 Local Branch Offices as well as 13 Service Centres, 124 Small Local Offices and 18 outposts throughout Serbia.

The Head Office of the NES is organised according to 9 Sectors and is headed by the Cabinet of the NES, as displayed in Figure 1 below.



Figure 1. Organisational structure of NES Head Office



Source: NES

The Local Offices are in charge of practically implementing the employment policy, based on standardised processes developed and monitored by the Head Office.

The NES is represented by the General Director who is in charge of the implementation of the decisions made by the Board of Directors as the main managerial body. The Board of Directors adopts the statutes and general acts as well as the work programme and the financial plan of the NES. Furthermore, it submits reports to the competent Ministry on a bi-annual basis as well as an annual report to the Government on the work of the NES. The Board of the National Service consists of 7 members, also representing trade unions and employers. The members of the managerial board, including the president, are appointed and dismissed by the Serbian Government.

In general, the following groups can **register with the PES**:

- unemployed persons looking for employment who are between 15 and 65 years, capable and ready to work and actively looking for employment
- employees who are looking for a change of employment
- other persons looking for employment who are over 15 years of age and seeking employment who cannot be considered as unemployed or as persons who wish to change their job (pupils, students...).

Registration with the NES is done in person in the relevant Local Office, according to the place of residence. Documentation required for registering include a proof of identity, proof of school and/or professional education, as well as potential additional certificates. While registered as unemployed, jobseekers receive monetary compensation and health insurance. Also, pension and disability insurance payments are covered by the NES during this period. In order to be eligible for these benefits, persons registering as unemployed must do so within 30 days from the date of the termination with a minimum prior insurance period of either 12 months continuously or 12 months within the last 18 months. They also have to provide reasons for the termination of their prior employment.

The **objectives of the NES** are derived from the Employment Strategy of Serbia for the period from 2021 to 2026<sup>1</sup> (Employment Strategy) as the most important strategic labour market policy document. In accordance with this strategy, the general goal of the NES is to establish stable and sustainable employment growth based on knowledge and decent work. Specific objectives of the NES include:

- growth of quality employment through cross-sectoral measures aimed at improving the supply of labour and the demand for labour
- improved position of unemployed persons on the labour market
- improved institutional framework for employment policy.

An Agreement on the Performance of the National Employment Service is signed annually between the NES and the Ministry for Labour, Employment, Veteran and Social Affairs (MoLEVSA) with the aim of determining the performance of the NES and monitoring the efficiency and implementation of ALMPs and other activities and services implemented by the NES. There are currently **17 Key Performance Indicators (KPIs)** derived from the 2021 Agreement.

- The share of employment from the NES records in the total number of unemployed persons on the records is at least 49%.
- Participation of persons registered in the NES records as a result of being informed about

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<sup>1</sup> Employment Strategy of Serbia 2021-2026, available at: [https://sociojalnoukljucivanje.gov.rs/wp-content/uploads/2021/08/Strategija\\_zaposljavanja\\_u\\_Republici\\_Srbiji\\_2021-2026\\_engleski.pdf](https://sociojalnoukljucivanje.gov.rs/wp-content/uploads/2021/08/Strategija_zaposljavanja_u_Republici_Srbiji_2021-2026_engleski.pdf) (accessed 30 August, 2022)

the services and ALMPs through the employment caravan, in relation to the total number of those informed, amounts to at least 15%.

- At least 25,000 employers use the services of the NES (i.e., ALMPs).
- The number of reported needs of employers for the employment in vacant positions amounts to at least 125,000.
- The satisfaction of employers' expressed needs for employment/work engagement amounts to at least 55% 180 days after receiving notification of the need for employment.
- The number of unemployed persons from the NES records included in ALMPs through local planning documents amounts to at least 7,150.
- The share of long-term unemployed who are employed from the NES records, in the total number of long-term unemployed on the NES records, amounts to at least 25%.
- The participation of unemployed women in ALMPs, in relation to the total number of persons included in the measures, amounts to at least 56%.
- The participation of female employees from the NES records, in relation to the total number of women on the NES records, amounts to at least 47%.
- The participation of women who started their own business with support of a self-employment subsidy in the total number of subsidies is at least 51%.
- The participation of unemployed young people in ALMPs, in relation to the total number of young people on the NES records, amounts to at least 42%.
- The participation of unemployed persons with disabilities in ALMPs, in relation to the total number of persons with disabilities on the NES records, is at least 45%.
- The share of persons with disabilities employed in the NES records, in relation to the total number of persons with disabilities in the NES records, amounts to at least 29.5%.
- The participation of unemployed Roma in ALMPs, in relation to the total number of Roma on the records of the NES, amounts to at least 25%.
- The share of Roma employees from the records of the NES, in relation to the total number of Roma on the records of the NES, amounts to at least 22%.
- The share of the number of beneficiaries of financial social assistance included in the ALMPs, in relation to the total number of these beneficiaries on the records of the NES, amounts to at least 21%.
- The share of the number of beneficiaries of cash social assistance for employees from the records of the NES, in relation to the total number of these beneficiaries on the records of the NES, is at least 13%.

The KPIs for the Serbia-level are broken down by the Head Office of the NES to the level of Local Offices while also adjusting them to the conditions of the local labour market. These indicators are set in the Performance Agreement for each Local Office and are monitored continuously by the Head Office to allow for potential corrective actions.

The financing of the NES' operations and service provision is regulated by the Law on Employment and Unemployment Insurance and the Law on the Budget System. The main source of the NES budget are unemployment insurance contributions, which account for about 70% of the total budget.<sup>2</sup> Other sources for additional budget include budgetary contributions (including local self-government), donations and other income in compliance with the law.

Table 1: Annual expenditures of the PES

	2018	2019	2020	2021	2018	2019	2020	2021
<b>Annual expenditure of PES</b>								
<b>Total PES expenditure (EUR)</b>	196,979,203	192,619,987	181,787,160	226,233,821	-	-2.2%	-5.6%	24.4%
<b>of which (in absolute numbers)</b>				<b>a share of which, %</b>				
<b>Expenditure for benefits</b>	127,252,345	113,419,933	101,715,178	133,499,371	-	-10.9%	-10.3%	31.2%
<b>Expenditure for ALMPs</b>	39,569,894	39,812,714	36,659,426	49,226,146	-	0.6%	-7.9%	34.3%
<b>Expenditure for staff costs (EUR)</b>	14,808,397	15,639,645	16,627,325	17,552,982	-	5.6%	6.3%	5.6%
<b>Other running costs of PES (EUR)</b>	11,782,289	19,393,677	20,329,256	21,129,761	-	64.6%	4.8%	3.9%
<b>Other expenditures</b>	3,566,279	4,354,017	6,455,976	4,825,561	-	22.1%	48.3%	-25.3%

Source: PES self-assessment report

As can be seen in Table 1 above, there have only been modest changes in the budget of the NES between 2018 and 2020 while 2021 saw a significant rise of almost 25% compared to the previous year. The main drivers for this increase are the benefit expenditures which increased by almost one third. But also, the expenditures for ALMPs rose for more than a third between 2020 and 2021, although the total budget for ALMPs is relatively low, compared to the budget for benefits. The most likely explanation for this development are additional expenditures related to the COVID-19 pandemic and its impact on the labour market. However, it is interesting to note that there was no increase in the budget in 2020 in the beginning of the pandemic.

<sup>2</sup> NES Financial Plan, available at: <https://www.nsz.gov.rs/filemanager/Files/Dokumenta/Finansije/Finansijski%20plan%20NSZ%20za%202022.%20godinu.pdf> (accessed 30 August, 2022)

Table 2: Human resources of the PES

	2018	2019	2020	2021	2019	2020	2021
	PES staff in absolute numbers				year to year change		
<b>Total PES staff (31 December of the year in FTE)</b>	1,610	1,615	1,608	1,589	0.3%	-0.4%	-1.2%

Source: PES self-assessment report

The number of staff working for the NES has remained relatively unchanged over the last years, as can be seen in Table 2 above. There has been a slight and constant decline from 1,610 to 1,589 FTE but this can be considered very modest and probably will not have impacted the service provision of the NES significantly. A more detailed breakdown of staff by tasks is not available.

### 3. Description of services and ALMPs

The activities of the NES focus on support for jobseekers and employers and cover a broad range of services as well as the implementation of ALMPs. All service provision processes are part of the Integrated Management System (IMS) of the NES and standardised based on international and certified systems (ISO 9001) which are subject to regular internal and external audits. Thus, the degree and assurance of standardisation of services is very strong throughout the NES. As a consequence, there is relatively less flexibility for Local Offices in adjusting their processes to local peculiarities, as was highlighted also during the peer review.

**Services for jobseekers** are initiated with the process of a person registering as unemployed with the NES. Registration has to be carried out in person at the relevant Local Office of the NES and requires the presentation of several documents like proof of identity and certificates on education, qualification and training. This is followed by a profiling of the registered jobseeker which should be carried out no later than 90 days after registration. The profiling is based on a personal interview between jobseeker and counsellor and takes into account both the characteristics of the jobseeker and the (local) labour market. Regarding the situation of the jobseeker, aspects like education, qualification, competencies, expectations, interests and motivation are included as relevant information for the profiling. Furthermore, a new National Standard Classification of Occupations (NSCO) has recently been introduced by the NES which is based on the International Standard Classification of Occupations (ISCO-08). This framework is used for the classification of occupations of jobseekers and is also applied during the profiling.

As a result of the profiling, a **segmentation** is conducted and the jobseeker is assigned to one of three segments which depict the proximity to the labour market:

- easily employable on the open labour market with the provision of basic mediation and active job search services
- employable with the provision of intensive services - subsidized employment
- employable with the provision of intensive services - comprehensive support for reintegration into the labour market.

This classification aims at identifying the needs of jobseekers, determining suitable potential occupations and supporting the process of mediation.

Based on the segmentation, the further steps in the process of reintegration are agreed between jobseeker and counsellor and documented in an **Individual Action Plan (IAP)**. This agreement contains all measures and activities to be carried out over the next months as well as corresponding deadlines for their execution. Typical activities of an IAP vary depending on the segment of a

jobseeker and include, among other things, the following measures: information and mediation, reference to job fairs, training for active job search / job search club, information and counselling on entrepreneurship, wage subsidies, subsidies for self-employment, public works, self-efficacy training, workshops for job loss stress alleviation and psychological counselling in professional orientation and career planning. To document all job search-related activities, jobseekers receive a job search activity diary. The profiling and the agreement on an IAP are to be repeated at least every six months, or earlier if deemed necessary, to account for relevant changes in the situation of the unemployed person or the labour market over the course of time.

The average caseload of counsellors in charge of supporting jobseekers was given during the peer review as approximately 1:700, but varies significantly across Local Offices depending on the specific labour market and staffing situation. Additionally, it was stressed that the average caseload used to be significantly higher (1,000-1,200) but has been reduced over the last years. However, the current caseload can still be considered very high and affects the provision of intensive counselling. While counsellors in general work with jobseekers from all segments, there are also **specialised counsellors for persons with disabilities**. Their work is based on the same principles as for the other counsellors, but the services are adapted to the needs of this vulnerable group.

The **Youth Guarantee** as a specialised form of support for another vulnerable group which is facing difficulties also on the Serbian labour market is currently under preparation by the NES but not yet implemented. The NES actively participates in the relevant committee for the preparation of the Youth Guarantee which also involves the ILO, the Ministry of Labour, Employment, Veterans and Social Affairs, the Ministry of Youth and Sports, the Ministry of Education, Science and Technological Development and other relevant actors and institutions. One highlighted challenge is posed by the need for financial support in the procurement and development of a suitable software for registering and tracking participants as well as the corresponding statistical profiling and segmentation in line with the requirements for the Youth Guarantee.

Another measure in the context of **early intervention** is also implemented by the NES. In case an employer is facing redundancies, cooperation with the employer and trade unions is established by the NES to inform those employees who are to be laid off about the support and ALMPs provided by the NES. This is meant to facilitate job-to-job transitions and avoid or at least shorten phases of unemployment.

The NES also provides **services for employers** as the other main group of PES customers. Like services for jobseekers these are also based on standardised processes. Over the last years, the NES has intensified its efforts at structuring and developing its support for employers. This includes the formation of a new department at the Head Office exclusively dedicated to employers and their needs as well as the development of a specific strategy aimed at employers. The counsellors in this department are in charge of receiving and publishing vacancies from employers but also monitoring social networks and other portals for relevant vacancies. Furthermore, they provide information on the labour market to employers and give advice on legal regulations for the application for ALMPs. For the use of ALMPs, the necessary paper work for eligibility checks of employers has recently been reduced by the NES through the establishment of an exchange with other registers where the relevant information can be obtained automatically. Also, the new website of the NES has a

space which has been tailored to the needs of employers. On the level of the Local Offices there are usually no specialised units serving employers but counsellors appointed to this specific task.

The service which brings the sides of supply and demand on the labour market, jobseekers and employers, together is the **matching of vacancies**. The intensity of the services provided by the NES in this context is determined by the employer posting the vacancy. This can include:

- only the publication of the vacancy
- publication of the vacancy and proposal of candidates including mediation (usually 3-5 candidates per vacancy)
- special support for filling vacancies exclusively dedicated by employers for persons with disabilities, including measures of vocational rehabilitation.

If there is no suitable candidate to be found in the relevant Local Office, the search can either be extended to other Local Offices or additional training can be offered for candidates who are not considered an ideal match (see also ALMPs). For the matching procedure, there is an internal cooperation in the Local Office: the counsellor receiving the vacancy informs his or her colleagues on this vacancy which is either done in person or through digital channels. For the recent past, matching was aggravated by the fact that the Serbian classification of occupations was not always applicable to the classifications used by employers for their vacancies. However, by introducing ISCO-08 standards to the process of matching, understanding and categorising the needs of employers has been significantly facilitated.

The **channels used for providing services** by the NES is relatively broad but has increasingly shifted to online services, not least due to the restrictions related to the COVID-19 pandemic. Apart from in-person services in the Local Offices, phone, e-mail and SMS are used as additional channels of communication. Furthermore, the revised website of the NES can be used for several services, and the NES is active on social media like LinkedIn and Instagram. Jobseekers can send their application for registration to the NES by mail, but actual registration still requires face-to-face contact in the Local Office although there are plans to also provide this service online. During the pandemic, several programmes have been either transferred to or developed for digital formats. For example, online trainings for entrepreneurship are available online. This is usually the preferred format among the target group of this ALMP. At the same time, active job search training is also offered online, but is still mainly done in person. Both of these trainings can be attended in either Serbian or Romani language, depending on the job seekers' preferences. Recently, a virtual job fair for employers and jobseekers has also been conducted by the NES, to great acclaim.

The NES conducts **surveys** on a regular basis, among both employers and jobseekers. Among the former group, systematic information is collected on the anticipated needs for skills but also on their satisfaction with services provided by the NES as well as reasons why vacancies could not be filled by the NES. For jobseekers, the collection of information on their satisfaction is crucial but also feedback on potential measures to improve services. Thus, the surveys also function as a means of quality assurance although only the satisfaction of employers is also part of the performance management system of the NES.



Another core task of the NES refers to the implementation of **ALMPs**. Table 3 presents the list of services and active labour market policy measures provided by the NAES (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).

### 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&intPageId=3227&langId=en>

As displayed in Table 3 below, the NES implements a broad range of ALMPs which covers the majority of categories of the LMP database. First of all, there are several ALMPs which can be classified as **institutional trainings**. A relatively common ALMP is the **Active Job Search Training**. These are two- or one-day workshops with 8 to 15 participants who are grouped based on their individual level of qualification. The measure is meant to provide support in the core techniques of job search such as writing a CV or application or communicating with employers. A similar measure is the **Self-efficiency Training**. However, this ALMP is designed particularly for jobseekers facing difficulties in the process of reintegration into the labour market. The aim of this programme is to increase the motivation and competence for job search of jobseekers. The NES also offers institutional training for persons without any primary education or qualification to strengthen their competitiveness and employability through the programme **Functional Basic Training of Adults**. This ALMP provides practical knowledge and training to enable the participants to perform simple tasks in the work place. The measure is implemented by educational institutions while transportation costs for participants are covered by the NES. Potential entrepreneurs are targeted with the **Entrepreneurship Training** which offers insights into the prerequisites for starting up a

small business. Thus, jobseekers interested in this option are to be encouraged and prepared for the related challenges.

While the training programmes mentioned so far are implemented by the NES or other educational and training institutions, there are also several forms of **workplace training** which focus on training in cooperation with employers from the private sector. Firstly, there are two examples of internships: **Internship for Young People with Higher Education** and **Internship for Unemployed with Secondary Education**. In both cases, the NES pays a wage subsidy to an employer from the private sector who provides professional training to young people up to 30 years of age for up to 12 months. Thus, these ALMPs also contain elements of recruitment incentives.

Table 3. ALMPs and services provided by the NES by LMP DB categories<sup>3</sup>

<b>Labour market services</b>		
1.	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>• <b>Counselling of jobseekers and employers (including Job Fairs, Workshop for job loss stress alleviation and Job Search Club)</b></li> <li>• <b>Individual Acton Plans</b></li> </ul>
1.2.	Other activities of the PES	<ul style="list-style-type: none"> <li>• <b>Administration of LMP measures</b></li> </ul>
<b>Training</b>		
2.	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>• <b>Active Job Search Training (for skilled and unskilled jobseekers)</b></li> <li>• <b>Self-efficiency Training</b></li> <li>• <b>Entrepreneurship Training</b></li> <li>• <b>Functional Basic Training of Adults</b></li> <li>• <b>Training for the Labour Market</b></li> </ul>
2.2.	Workplace training	<ul style="list-style-type: none"> <li>• <b>Internship for young people with higher education</b></li> <li>• <b>Internship for unemployed with secondary education</b></li> <li>• <b>Professional training</b></li> <li>• <b>Acquisition of practical knowledge</b></li> <li>• <b>Training at the request of an employer</b></li> <li>• <b>Training for the needs of an employer for the employee</b></li> </ul>
2.3.	Alternate training	
2.4	Special support for apprenticeship	
<b>Employment incentives</b>		
4.	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	<ul style="list-style-type: none"> <li>• <b>Wage subsidy for hard-to-employ jobseekers</b></li> <li>• <b>Wage subsidy for persons with disabilities with no work experience</b></li> <li>• <b>Subsidies for hiring hard-to-employ unemployed persons</b></li> </ul>
4.2	Employment maintenance incentives	
4.3	Job rotation and job sharing	

<sup>3</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/publication-detail?lang=en&publicationId=100001814))

<b>Sheltered and supported employment and rehabilitation</b>		
5.	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	<ul style="list-style-type: none"> <li>• <b>Work place adaptation</b></li> <li>• <b>Provision of professional support to a newly employed person with a disability</b></li> </ul>
<b>Direct job creation</b>		
6.	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.	
		• <b>Public works</b>
<b>Start-up incentives</b>		
7.	covers measures that promote entrepreneurship by encouraging the unemployed and other target groups to start their own business or to become self-employed.	
		<ul style="list-style-type: none"> <li>• <b>Subsidy for self-employment</b></li> <li>• <b>One-time payment for self-employment</b></li> </ul>

The wage subsidy paid to employers covers the minimum wage as well as related taxes and mandatory social security payments. The net amount is topped-up for unemployed with higher education by 20%. The aim is, in both cases, to provide sufficient practical work experience to the participants in the fields in which they have already obtained a formal qualification but still lack work experience so they can be employed according to their qualification.

While these ALMPs entail the conclusion of an employment contract, the programme **Professional Training** does not envisage employment. This ALMP is not restricted solely to employers from the private sector: up to 40% of all participants can be engaged in the public sector. Over the duration of the measure of up to 12 months, participants receive financial support from the NES the amount of which varies based on the formal qualification of participants. Also, there are no restrictions regarding the age of participants. Unemployed persons from vulnerable groups such as the Roma Minority and persons with disabilities are prioritised for participation in this programme.

A workplace training with employers from the private sector, which is of a shorter duration of up to 3 months, is **Acquiring Practical Knowledge**. Potential participants have to be either unemployed for more than 12 months with completed secondary education or lack any formal qualification. Thus, this measure specifically addresses persons with a considerable distance to the labour market. For the duration of the measure, the NES pays subsidies to the employer covering the net minimum wage of participants and the associated tax and statutory social insurance contributions. The duration of the measure can vary: either a fixed-term contract for six months is established and the subsidy is paid for the first three months or an open-ended contract is established. In this case, the subsidy is paid for up to 6 months but requires an employment with said employer for at least 12 months in total.

The ALMP **Training at the Request of the Employer for the Unemployed** is used to adapt the qualification of jobseekers to the needs of an employer, especially if there are no jobseekers on the register of the NES with a suitable qualification for filling a vacancy. This measure is implemented for up to 6 months, depending on the type and complexity of the training. During this period, the NES contributes to the financing of the costs of training with payments to the employer and also

pays a monthly financial assistance to the participant. This measure can also be implemented as a measure of vocational rehabilitation with more generous financial conditions for a person with disabilities. A similar support is also offered by the NES to persons who are already employed by an employer but need additional skills to maintain their position. The ALMP **Training for the Needs of the Employer for the Employee** allows the payment of up to about 850 € training-related costs to employers, based on the individual employee's needs.

Another category of ALMPs offered by the NES are **employment incentives**. One of two ALMPs of this type addresses specifically **hard-to-employ jobseekers** from vulnerable groups like youths and older people, the Roma Minority, persons with disabilities, able-to-work recipients of financial social assistance, victims of domestic violence and long-term unemployed. In order to encourage employers to hire jobseekers from these groups, a one-time subsidy is paid, the amount of which depends on the individual jobseeker's characteristic and varies between about 1,700 € and 2,500 €. The other ALMP of this type, the **Wage Subsidy for Persons with Disabilities without Work Experience**, is used to promote the labour market integration of said group of persons. This wage subsidy is paid for 12 months and covers up to 75% of the employee's total salary costs and social security contributions, up to the equivalent of the minimum wage.

There are two other ALMPs implemented by the NES which fall under the category of **rehabilitation** and are thus support measures for the employment of persons with disabilities. Through the ALMP **Work Place Adaptation**, employers can receive financial support of up to 3.400 € for adjusting the workplace to the needs of a person with disabilities, based on a one-time payment. A more wide-ranging ALMP is the **Professional Support to Newly employed Persons with Disabilities**. Unemployed persons from this vulnerable group can receive special personal assistance during their first 12 months of introduction into a new workplace. To this end, the NES pays a subsidy for this period of time which covers all wage costs of the person providing support to the newly hired jobseeker with disabilities up to an amount of about 420 € per month as well as related social security payments.

The **Public Works** programme of the NES offers work to jobseekers from vulnerable groups like recipients of social assistance, the Roma Minority, persons without formal qualification, persons with disabilities and jobseekers who have been unemployed for more than 18 months. The work engagement is restricted to fields of social interest such as social protection and humanitarian work, maintenance and renewal of public infrastructure and maintenance and protection of the environment and nature. During the participation in the measure, participants receive a monthly compensation of about 200 € in case of full-time work, compensation for training-related costs of up to 9 € as well as a one-time compensation for the employer for providing the employment (about 18 € per employee). The duration of the measure can vary based on the activities implemented in its context.

A final type of ALMPs refers to **Start-up incentives**. After completing the entrepreneurship training, unemployed persons starting a business can apply for a **Subsidy for Self-employment** of up to 2,500 €, or 2,800 € in case of persons with disabilities. Jobseekers from vulnerable groups such as young people under 30, redundant employees, Roma, persons with disabilities and women are treated with a priority when applying for this subsidy. A similar incentive is the **One-time Payment**

**for Self-employment** which is available to unemployment benefit recipients on the registry of the NES without additional prerequisites. This subsidy consists of a one-time payment. The amount of the payment is based on the remaining amount of unemployment benefits for which the applicant starting up a business is eligible when starting his or her business.

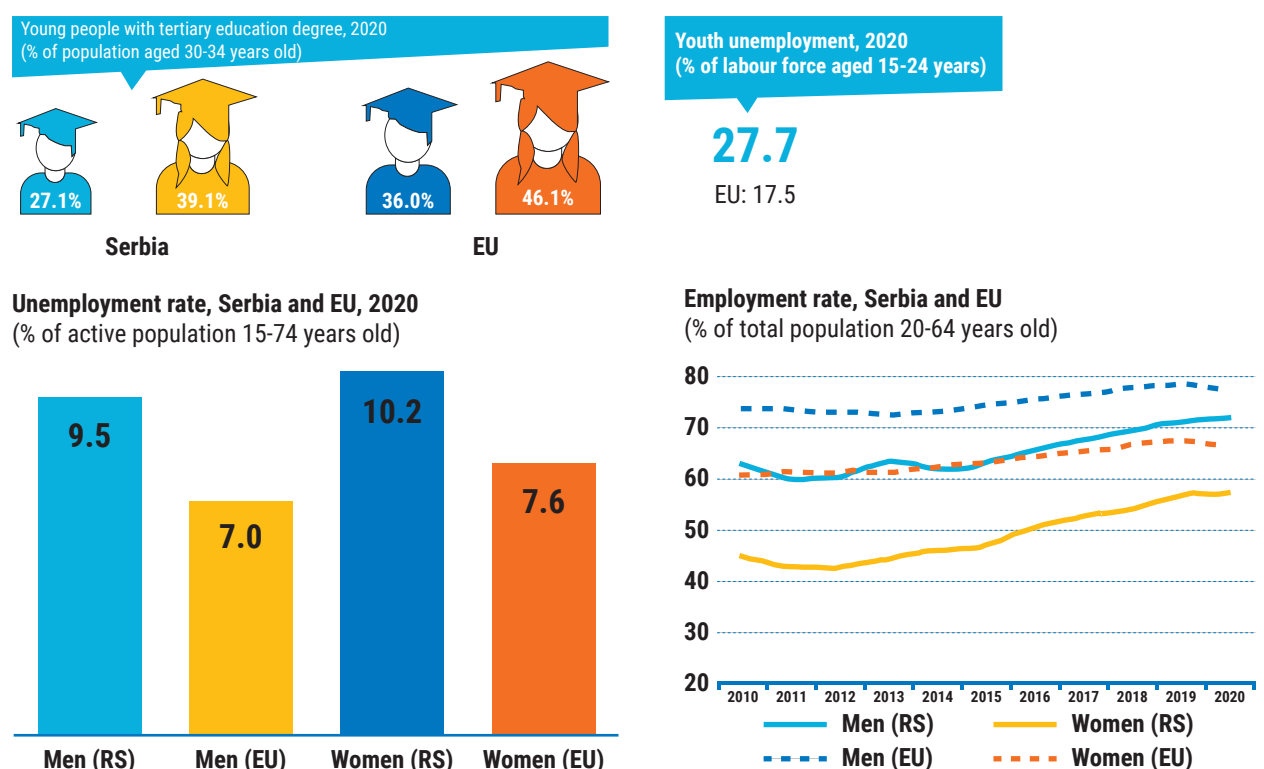
Overall, this portfolio of ALMPs can be considered very broad and covers most of the relevant types according to the LMP database. A crucial matter, though, remains to what extent jobseekers are actually covered by these ALMPs; a matter which is also discussed in the following Chapter.

## 4. The labour market development 2019-2021

The labour market of Serbia is faced with similar problems as the other economies from the Western Balkans. Firstly, as can be seen in Figure 1, youth unemployment is very high: more than one out four (27.7%) young Serbians between the age of 15 and 24 was unemployed in 2020. This is more than ten percentage points above the EU average of 17.5%. Another figure which highlights the situation of youths in Serbia is the share of young people (30-34 years old) who hold a tertiary education degree which amounts to 27.1% for men and 39.1% for women. Again, this is 9 and 7 percentage points respectively below the EU average. This points to a considerable gap regarding the qualification of young people in Serbia.

Regarding unemployment, figures for 2020 also show a considerable discrepancy of about 2.5 percentage points between Serbia and the EU average. While unemployment among the active population aged between 15 and 74 was 9.5% and 10.2% for men and women respectively in Serbia, the corresponding figures for the EU average were 7.0% and 7.6%. The employment rate mirrors this pattern with lower overall participation in Serbia as compared to the EU average and systematically lower figures for the female population of Serbia. However, it has to be noted that there has been a steady increase in the employment rate of women in Serbia over the last ten years so this gap is getting smaller even though it still remains considerable, especially for the employment rate at about 15 percentage points.

Fig. 1 Basic figures for Serbia and EU-27



Source: Eurostat, Basic figures on the Western Balkans and Turkey<sup>4</sup>.

A more detailed look at the activity rate in Table 5 below confirms the previously described developments. The activity rate for young people is significantly lower in Serbia, especially for women, when compared to the EU average. At the same time, there remains a difference of about 6 percentage points in total for the age group of 15-64. Comparing figures for Serbia between 2019 and 2020 it is also of interest that the activity rate remained relatively stable in spite of the outbreak of the COVID-19 pandemic.

Table 5. Activity rate, %

Age group	2019			2020			EU-27, 2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-24	36.0	22.1	29.2	34.9	20.6	28.0	40.9	35.2	38.1
55-64	62.1	39.2	50.1	63.0	41.0	51.5	69.3	56.0	62.5
15-64	74.0	59.7	66.9	73.6	59.2	66.4	77.6	67.1	72.3

Source: Eurostat database. LFS data

The employment rate displayed in Table 6 below in parts mirrors the established pattern. The total employment rate for Serbia in 2020 is about 7 percentage points lower than the EU average. The gap even amounts to more than 11 percentage points for the group of young people. But although there is a considerable gender gap in the employment rate for the whole working age population in Serbia of about 13 percentage points, the overall employment rate of women in Serbia is identical to the EU average of 53%.

Table 6. Employment rate, %

Age group	2019			2020			EU-27, 2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-24	26.3	15.1	20.9	25.9	14.2	20.2	33.8	29.0	31.4
55-64	57.7	36.5	46.6	59.0	39.1	48.6	65.6	53.1	59.2
15+	65.8	52.4	59.1	66.4	53.0	59.7	72.1	53.0	67.0

Source: Eurostat database. LFS data

The difficult situation of young women is highlighted in the figures for the unemployment in Table 7 below. Almost one out of three women between the age of 15 and 24 in Serbia is unemployed while this the case for “only” one out of four men. Also, when compared to the EU average, the discrepancy in unemployment on the one hand is especially pronounced for young people with about 10 percentage points overall and even 14 percentage points for women. On the other hand, there are hardly any differences between Serbia and the EU average for the age group of 55 and above. In other words, unemployment among older people is less problematic for Serbia than the very high unemployment of young people.

Table 7. Unemployment rate, %

Age group	2019			2020			EU-27, 2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-24	26.9	31.5	28.6	25.8	31.0	27.7	17.4	17.7	17.6
55-74	6.0	6.6	6.2	5.4	4.3	4.9	4.9	4.9	4.9
15-74	10.7	12.1	11.3	9.5	10.2	9.8	7.0	7.6	7.2

Source: Eurostat database. LFS data

Additional information on the performance of the PES is contained in Table 8. There are several aspects worth highlighting in this context. Firstly, it is of interest to note that there has been a decline in the number of register unemployed since 2019. While one would expect a rise in unemployment for 2020 due to the COVID-19 pandemic, there was even a decrease of about 5% and these figures remained stable for 2021. Furthermore, the higher unemployment rate of women is also reflected in the higher numbers of unemployed women.

Table 8. PES performance indicators – number of registered unemployed and ALMP participants

Indicator	unit	Category	2019	2020	2021
Number of registered unemployed	Average monthly stock	Male	263,413	247,522	244,495
		Female	340,701	326,025	325,848
		Age 15-24	57,513	56,904	58,409
		Age 25+	546,601	516,643	511,934
		Low-skilled	213,805	201,728	201,001
		Skilled	308,637	291,696	290,959
		High-skilled	81,672	80,123	78,383
		<b>Total</b>	<b>604,114</b>	<b>573,547</b>	<b>570,343</b>



Number of registered participants in ALMPs	Average monthly stock	Male	2,078	1,509	3,400
		Female	4,018	2,911	5,548
		Age 15-24	1,783	1,682	4,842
		Age 25+	4,313	2,738	4,106
		Low-skilled	1,036	115	89
		Skilled	1,499	1,378	4,519
		High-skilled	3,561	2,927	4,340
		<b>Total</b>	<b>6,096</b>	<b>4,420</b>	<b>8,948</b>

Source: NES.

Two relevant observations regarding the structure of participants in ALMPs are the relatively low total number of average participants per month and the strong changes over the years. The latter is due to the postponement or cancelling of ALMPs in 2020 because of the COVID-19 pandemic. Furthermore, it is interesting to note that for 2021 the number of participants is significantly above the level of 2019, pre-COVID-19, which highlights additional efforts made in the process of recovery from the pandemic. A higher coverage of ALMPs for younger jobseekers is also visible, especially in 2021, which emphasises support for this vulnerable group in the context of the COVID-19 pandemic. Finally, the share of low-skilled jobseekers in ALMPs, but also to a lesser extent skilled jobseekers, is surprising since almost half of the participants in ALMPs are high-skilled. Usually, high-skilled jobseekers are more in demand on the labour market and thus need less additional support in their reintegration. It might be worth considering whether the use of ALMPs would be more efficient with a stronger emphasis on less-skilled jobseekers who usually face more difficulties in their job search.

Table 9. PES performance indicators – transitions from unemployment

Indicator	unit	Category	2019	2020	2021
Transitions from unemployment to employment	Average monthly outflow	Male	9,220	7,579	7,720
		Female	10,707	9,250	10,045
		Age 15-24	3,244	2,809	2,987
		Age 25+	16,683	14,020	14,778
		Low-skilled	3,839	3,119	3,264
		Skilled	11,557	9,816	10,059
		High-skilled	4,531	3,894	4,442
		<b>Total</b>	<b>19,927</b>	<b>16,829</b>	<b>17,765</b>
Fast transitions from unemployment to employment (within 6 months)	Average monthly outflow	Male	4,392	3,788	3,960
		Female	4,919	4,389	4,925
		Age 15-24	1,858	1,679	1,729
		Age 25+	7,453	6,498	7,156
		Low-skilled	1,711	1,433	1,583
		Skilled	5,505	4,908	5,119
		High-skilled	2,095	1,836	2,183
		<b>Total</b>	<b>9,311</b>	<b>8,177</b>	<b>8,885</b>

Medium transitions from unemployment to employment (within 12 months)	Average monthly outflow	Male	6,187	5,300	5,499
		Female	6,980	6,180	6,859
		Age 15-24	2,520	2,241	2,361
		Age 25+	10,647	9,239	9,997
		Low-skilled	2,426	2,041	2,213
		Skilled	7,764	6,834	7,097
		High-skilled	2,977	2,605	3,048
		<b>Total</b>	<b>13,167</b>	<b>11,480</b>	<b>12,358</b>

Source: NES.

The tendency regarding the employment opportunities of jobseekers depending on their skills is confirmed by the transitions from unemployment to employment displayed in Table 9 above. Transition rates are the highest for high-skilled jobseekers (5.6% per month in 2021) and significantly lower for skilled (3.5%) and low-skilled (1.6%) while there are no relevant gender-specific differences when taking into account the overall higher number of female jobseekers.

A breakdown by speed of transition sheds additional light on the process of reintegration. The fact that the majority of all transitions during the first year of unemployment occurs during the first six months of unemployment confirms a well-known pattern of a self-reinforcing effect: transitions from unemployment to employment get more and more unlikely with the duration of the individual unemployment spell.

Finally, the number of vacancies registered with the PES highlights the impact of the COVID-19 pandemic. Although, as pointed out above, the number of unemployed persons even decreased in 2020 and 2021, the number of vacancies decreased sharply from almost 120,000 vacancies per month in 2019 to about 82,000 vacancies per month in 2020, equalling a decrease by about one third. There is a noticeable recovery in 2021 but the number of 107,000 is still significantly below the pre-crisis level.

Table 10. PES performance indicators – number of vacancies registered with PES

Indicator	unit	Category	2019	2020	2021
Number of vacancies registered with PES	Average monthly inflow	<b>Total</b>	<b>9,996</b>	<b>6,858</b>	<b>8,972</b>

Source: NES.

## 5. Most important developments since ESAP 1

Since ESAP 1, Serbia has adopted the Employment Strategy for the period of 2021-2026 as well as the related Employment Action Plan for 2021-2023. Moreover, the Law on Employment and Unemployment Insurance was changed in 2021 defining the Employment Strategy and the Action Plan for the implementation of the Strategy as the basic public policy documents in the field of active employment policy, which are adopted by the Government, at the proposal of the Ministry. A thorough analysis of the Employment Strategy for the period 2011-2020<sup>5</sup> was carried out and provided relevant insights into the achievement of the set goal and targets and pointed at needs to be met during the upcoming planning period.

For the NES, one of the most important achievements since ESAP 1 is related to the Law on the National Qualifications Framework (NQF),<sup>6</sup> in particular the development of the **new Occupational Codebook**. In 2019, an analysis of the institutional framework for the establishment of the National Standard Classification of Occupations (NSCO) was conducted. The National Standard Classification of Occupations (NSCO) is a national standard which, once established, will be applied to recording, collecting, processing, analysing and publishing data on occupations as an instrument of unambiguous communication among all users of this data. NSCO respects all national specificities in the field of work, employment and education, but at the same time ensures international comparability of data because it is based on the International Standard Classification of Occupations, ISCO-08. This marks a significant achievement since the new codebook allows for a more adequate monitoring and analysis of the labour market. For the NES staff it facilitates the provision of career management and counselling, mediation in employment, planning and development of human resources, planning of education programmes and their harmonisation with the needs of the labour market, as well as census, statistical monitoring and conduction of surveys, exchange of statistical data and information on labour mobility with EUROSTAT, EURES and other relevant institutions at international level.

Also, in the period since ESAP 1, the Serbian Government has reinforced its efforts in the sphere of **digitalisation**. Over the course of this process, the design, harmonisation, development and functioning of e-government systems and their related information systems and databases have been either established or improved. As a consequence, the NES can now access various registers which are available through the integrated e-government system. This system compiles data from the records of several authorities, such as Tax Administration, Ministry of Public Administration and Local Self-Government - Civil Registry, Ministry of Internal Affairs and Central Register on all registrations and delisting for insurance (CROSO). All NES employees have access to data in

5 Aleksić, D., Arandarenko, M., Ognjanov, G. (2020). Ex-post analysis of the National Employment Strategy for the period 2011 - 2020, Belgrade: FREN, available at: [https://sociojalnoukljucivanje.gov.rs/wp-content/uploads/2021/02/Ex\\_post\\_analysis\\_of\\_the\\_National\\_employment\\_strategy\\_for\\_the\\_period\\_2011-2020.pdf](https://sociojalnoukljucivanje.gov.rs/wp-content/uploads/2021/02/Ex_post_analysis_of_the_National_employment_strategy_for_the_period_2011-2020.pdf) (accessed on September 1st, 2022).

6 "Official Gazette", no. 27/2018, 6/2020 i 129/2021 - dr. zakon

accordance with the delegated authority related to their workplace. For example, employment counsellors can access all relevant data about a registered jobseeker or employer they are servicing which is available in the e-government system.

While the need for implementation of the **Youth Guarantee** has been recognised in the Employment Strategy and various initial steps have been taken under the auspices of international donor organisations, the Youth Guarantee has not yet been implemented in Serbia. However, young people are considered a vulnerable group and thus granted priority in serving their needs through ALMPs. Also, many of the essential components of effective youth employment policies (e.g. youth entrepreneurship programmes, self-employment subsidies, apprenticeships and work-based trainings, career guidance, information and networking) have already been partially implemented<sup>7</sup> (see also the Chapter 3).

Meanwhile, the NES is actively involved in the work of the expert group of the coordinating body for the development and monitoring of the implementation of the Youth Guarantee Implementation Plan. The process of creating adequate legal and procedural ground for the implementation of the Youth Guarantee is supported by the ILO under the auspices of which a feasibility assessment for introducing the Youth Guarantee in Serbia was prepared in 2020. In addition, with the support of the ILO, meetings and workshops were organised. During these events, NES' current approach to serving the needs of youths and proposals for changes in serving youths were presented as well as an overview of politics and the legislative framework relevant to the implementation of the Youth Guarantee. In addition, the NES has stated the need for financial support for the procurement and development of software for recording and tracking persons for more efficient monitoring and reporting as well as for statistical profiling and segmentation, in line with the requirements of the Youth Guarantee. The aforementioned activities were carried out in cooperation with the relevant Ministries, including Ministry of Labour, Employment, Veterans and Social Affairs, the Ministry of Youth and Sports, the Ministry of Education, Science and Technological Development as well as other relevant actors from the labour market, the sphere of education and representatives of the ILO.

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<sup>7</sup> Bartlett, W, Guxholli, S, Bjelica, D. (2021) Study on Youth Employment in Serbia, edited by Dr Amira Ramhorst, Sarajevo: RCC, available at: <https://www.esap.online/download/docs/Study-on-Youth-Employment-in-Srbija-07072021.pdf/12d59f1c25990f81101b6418ed09f1d2.pdf> (accessed on 31 August, 2022)

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

The outbreak of the COVID-19 pandemic severely disrupted the Serbian economy causing a temporary or even permanent shut-down of many businesses across sectors which has negatively impacted the Serbian labour market. A study<sup>8</sup> on the effects of COVID-19 on the labour market and the position of vulnerable groups has found that the decrease in economic activities in 2020 has been transmitted to the labour market activity, with stronger effects in terms of working hours than in terms of employment. Differences were noticeable across sectors, with the accommodation and food services activities (AFSA) being mostly affected in terms of a significant decline both in employment and working hours. The study also found that the number of permanent workers increased whereas the number of informal and formal temporary workers decreased in 2020 by about 10% and 6%. The highest loss in informal jobs occurred in the agriculture sector. With regard to vulnerable groups, the study also found an increase in inequalities of employment opportunities for low-skilled, youths and persons from the region of South-Eastern Serbia (SES). At the same time, the Analytical report on the situation in the labour market of Serbia in the context of the economic crisis caused by the COVID-19 pandemic concludes that the strong public policy response of the Government of Serbia to the outbreak of the pandemic greatly contributed to the resilience of the Serbian labour market in 2020, as job retention was the primary and common goal of these actions. To prevent severe job loss, the Government designed two types of subsidies, one for entrepreneurs, micro, small and medium enterprises and one for large companies. Additionally, in 2020 a new programme, “My First Salary” (see Annex II), was developed and implemented by the NES to meet the needs of youths whose chances to find a first job became even lower than prior to the outbreak of COVID-19.<sup>9</sup>

The decision of the Government of Serbia to introduce a state of emergency on 16 March, 2020 as well as other imposed anti-COVID measures affected the provision of services to jobseekers and employers in the Local Offices of the NES, as well as the internal organisation of work, because work from home was introduced as an obligation throughout the NES.

However, in a short span of time, the NES adapted to these new conditions by implementing the following measures:

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8 Vladislavjevic, M. et al. (2022). Effects of the COVID-19 pandemic on the labour market and the position of vulnerable groups in Serbia, available at: [https://www.ien.bg.ac.rs/data/images/proj\\_ineqrs/report\\_final.pdf](https://www.ien.bg.ac.rs/data/images/proj_ineqrs/report_final.pdf) (accessed on 31 August, 2022)

9 Arandarenko, M. (2021). Analytical report on the situation in the labour market of Serbia in the context of the economic crisis caused by the Covid 19 pandemic, Sarajevo: RCC, available at: <https://www.esap.online/download/docs/Analytical-report-labour-market-Serbia.pdf/1f54cd1f5c35eae886accd7662eba2d5.pdf> (accessed on 31 August, 2022)

- It is now possible to submit a request for registration, a request for exercising the right to unemployment benefits, a request for issuing a certificate from the unemployment register electronically or by mail.
- Employers and jobseekers can submit requests for participation in ALMPs electronically.
- Communication with employers was conducted in a timely, comprehensive and efficient manner electronically, i.e. by e-mail or by phone.
- All questions within the competence of the NES, work with jobseekers and employers, were answered, by telephone or electronically, within 24 hours.
- Instructions processes related to employment support were continuously prepared for the Local Offices of the NES. Additional instructions for Local Offices were issued also after the state of emergency was lifted in the field of work with jobseekers and employers.
- Also, needs for the further development of services have been identified in the context of recovery from the crisis. This implies the transfer of certain ALMPs to digital formats, such as online training for active job search, Job Search Club, virtual job fair, and the training for the development of entrepreneurship (see also Annex I).

In August 2020, the NES adopted the “Plan of examples of preventive measures against the impact on the safety and health of employees and users of services related to the prevention of the occurrence and spread of an infectious disease epidemic”. This plan defines measures and activities for dealing with the occurrence of an infectious disease and preventing its spread, as well as operational procedures that include informing and educating employees, and the tasks of all staff in managing the risk of the spread of the COVID-19 virus throughout the NES. The measures included increased hygiene of business premises, wearing masks, enabling work from home and online contact with service users and resulted in a small number of infected NES staff in 2020. Therefore, the NES managed to continue providing services and ALMPs over the COVID-19 period with certain adjustments, mainly pertaining to the programmes where personal contacts could not be omitted. In line with that, a substantial drop regarding the participation of jobseekers in ALMPs was recorded in 2020 in comparison to 2019. Yet, in 2021 a steep increase was recorded, with 8,948 (monthly average) persons participating in ALMPs (see also Chapter 4).

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

The self-assessment and the peer review highlighted several strengths of the NES, some of them also related to the inspiring practices annexed to this report. At the same time, also some opportunities for enhancement were identified which are also pointed out in this Chapter and further elaborated in the following Chapter on suggestions and recommendations.

**Crisis management** has become an even more important topic since the outbreak of the COVID-19 pandemic in 2020. One aspect in this area refers to the **organisational resilience** and its core tasks of risk awareness, risk analysis and risk management. The Integrated Management System (IMS) of the NES is a strong example for a systematic approach to organisational resilience. This system is based on internationally recognized ISO standards and includes a quality system (ISO 9001), an information security system (ISO 27001), risk management (ISO 32001) and an anti-bribery policy (ISO 37000). It is externally certified according to all the named standards and contains clearly defined (a) administrative processes, (b) main operational processes, and (c) supporting processes. All relevant documents concerning the IMS are available to all employees on the NES intranet.

As a rather complex system operating within the set legal framework, the NES at times faces challenges when wide-ranging changes to processes and operations are required. Yet, the NES has displayed a high degree of flexibility and capability for quick adjustments as a **reaction to an emergency situation**, in this case the COVID-19 pandemic. One aspect worth highlighting in this context is the development of digital services and ALMPs which was carried out under a high pressure and in a short period of time, thus also affecting **channel management and blended services**. Also, the other measures of the NES to protect the health of its staff and counter the spread of the virus can be considered successful examples for tackling this situation.

The further development of the IT system as a crucial part of the **implementation of support structure** has progressed considerably over the recent years. The old IT system was replaced with a new and more user-friendly platform accessible to NES managers and executives as well as counsellors in accordance with their delegated authorities. Data recorded in the NES are now also used for monitoring the implementation of services, particularly ALMPs. Due to the availability of up-to-date and reliable data, the revision of targets and their redistribution among Local Offices in the case of underperformance is significantly facilitated, thus also improving the **strategic performance management**. A new website has been launched to better meet the needs of jobseekers and employers, also providing transparency on the performance of the NES through publicly available procedures, plans, reports and other relevant information. These developments mark a considerable progress but could also be used to further enhance the analytical capacities



of the NES. Currently, the NES often does not perform in-depth data analyses in-house but instead provides data to the relevant Ministry for further analyses or to external experts who then conduct further analyses and evaluations. Although it is recommendable to also involve external experts in these tasks, this should not exclude an internal focus on data analysis and evaluation in the NES. A logical next step in this development would be to build staff capacities to perform these tasks also in the NES.

Another strength of the NES stems from intensive cooperation with other actors including relevant Ministries and many other institutions and relevant associations within the Western Balkans as well as international bodies and organizations. The NES intensively uses these opportunities to implement donor-funded projects, which contribute to its capacity development and provide opportunities for piloting and introducing new services and ALMPs. Currently, the NES is cooperatively developing the mechanism for the implementation of the Youth Guarantee and acquiring the necessary financial means as well as designing new ALMPs for the coming period. All these are good examples for a strong **management of partnerships and stakeholders**. However, the approach of the NES to building partnerships at times can benefit from a more systematic and proactive approach. This could be further strengthened by building on the already well-established network of partners and stakeholders and finding new partners for specific tasks like the implementation of the Youth Guarantee.

The NES has developed a system for **human resources management** and development. A special organisational unit (see Figure 1) is responsible for the annual assessments of the needs for professional development and training of employees. On an annual basis the Programme of Professional development and Training of employees is developed further. It contains a description of the training programme including information on training goals, knowledge and skills, target group, method of implementation, duration and estimated costs. Professional development opportunities and training programmes are also used as an incentive for NES employees since the possibilities for financial incentives are legally restricted. Furthermore, regarding this area, once every four years, the knowledge of employment counsellors is checked through a certification test, and if necessary, earlier for newly hired staff. The test covers four areas and is completed online using a set of prepared test questions which are randomly assigned to each employee using a specially created online platform.

At the same time, the area of **human resources management** also displays opportunities for enhancement since recruiting and keeping new and qualified staff poses a relative challenge. This refers to the need for authorisation related to additional hiring from the government which places limits to acquiring new staff. The recruitment process is centralised since it is mainly conducted by the Head Office. This limits the influence of Regional and Local Offices on staff selection in those cases where the persons are to be hired fall under their responsibility.

A final enhancement opportunity linking human resources management and the **sustainable activation and management of transitions** can be seen in the training of staff. The trainings provided so far by the NES are valuable but at the same time these are limited to staff which has already been hired. This approach could be broadened by developing a curriculum for professional counsellors, e.g., in cooperation with colleges or universities. Also, the application of the newly introduced ISCO-08 standards might give rise to additional needs for training of staff.



## 9. Suggestions and recommendations for enhancement

The suggestions and recommendations of this Chapter mainly mirror the areas for enhancement already touched upon in the previous Chapter.

In addition to fulfilling KPIs set in the Agreement, NES executives should also consider focus on the development of additional concrete and measurable KPIs as part of an internal planning process, further improving the **strategic performance management**. KPIs defined by NES could be used as standards against which to assess the implementation of the operational plan as well as the effectiveness of processes. While this may not be strictly required by the legal framework, initiating this new practice of internal planning and evaluation of performance, based on developed KPIs, may improve NES' potential for taking timely corrective actions and getting better prepared for future planning. While the NES has shown a strong organisational resilience through adequate reactions to crises such as the outbreak of COVID-19, in the coming period emphasis can be put on proactive contingency planning. The need to develop a strategy for the evaluation of internal processes, achievement of set goals and/or KPIs is in line with the previous recommendation. Internal evaluation could be used for gaining a better understanding of reasons for not fully meeting targets and the anticipation of future risks. Thus, careful analyses of the performance of the NES could result in determining general directions, assessing potential risks and suggesting adequate measures to reduce the probability of risk occurrence and/or their negative effects. The NES could also make efforts to internally promote the need for conducting such evaluations with a focus on organisational learning rather than identifying individuals responsible for underperformance.

The planning and evaluation of processes by and large depends on the availability of analytical capacities –both in terms of infrastructure and available staff. This is why it is also recommended to strengthen the area of **evidence-based design and PES services**. Over recent years, the NES has developed relevant structures for data collection, data tracking and monitoring. At the same time, a more refined approach to analysing data and preparing various analytical reports can be further enhanced. Thus, another suggestion for the NES aims at focusing on the further development of the analytical department both in terms of the number of staff as well as a stronger emphasis on analytical tasks for this department. In turn, more operational tasks could be assigned to junior staff members, or trained employees in other NES departments.

Although the approach to **human resources management** of the NES has become more systematic, further improvements could also be achieved in this area. Firstly, this refers to the hiring of new staff which could be facilitated and more actively involve the Regional and Local Offices, if concerned. It is perfectly clear, however, that this depends on a potential change of regulations. Secondly,

measures for motivating staff could be enhanced if these do not remain limited to opportunities for professional development and trainings. A refined human resources management also requires financial incentives to encourage good performance of employees. Again, legal restrictions hamper the implementation of a system of financial incentives. To make up for the lack of this option, the NES could periodically organise team building sessions for their staff or retreats and find ways for offering recreational activities, attendance to cultural events for their employees or other non-monetary incentives of a similar kind.

In the area of **services for employers**, the NES has recently set up a new department for employers and a new strategy for employers has been developed. In addition, the NES has launched a new website which is user-friendly and also adapted to the needs of the employers. Yet, further enhancement of relations with employers, especially on the local level is recommended to remain a top priority. On the one hand, it would be worth considering to dedicate more counsellors within the Local Offices to focus primarily on the provision of services addressed at local employers. On the other hand, a better segmentation of employers might also be beneficial like the application of the so-called “ABC” categorisation and the well-known business practice of Key Account Management (KAM). To this end, employers are classified by their size, prior connections with the NES, intensity of cooperation and participation in ALMPs and similar criteria. The most important employers (A) should be treated as “key accounts” and thus assigned to well-educated NES counsellors who would be responsible for the further development of cooperation with the corresponding employer. Such a ranking of employers would allow for the improvement of employer services and might even improve the time management of NES counsellors whose work load with more than 700 jobseekers on average is still extremely high.

While NES has developed strong cooperation with many relevant partners, including governmental bodies and institutions, educational institutions, international donor organisations, trade unions, associations of employers, chambers of commerce and civil society organisations, it could benefit from a more comprehensive approach to forming partnerships. Over the years, the NES has shown a strong commitment to participation in various working groups, providing necessary data and sharing information and experiences with others. To further develop the approach to the **management of partnerships and stakeholder**, the NES could invest more resources in a proactive mapping and managing of stakeholders to assure broader support for its activities. For example, in line with the need for introducing the Youth Guarantee, the NES could map the most relevant youth organisations Serbia-wide, rank them according to their impact, capacities and readiness to cooperate with the NES and establish contacts which could be used for the future implementation of the Youth Guarantee. In a similar manner, the NES could also consider the need for developing new ALMPs, the provision of new or more intensified services to other vulnerable groups (e.g. Roma) and prepare a stakeholder map to involve different actors that could contribute to the successful provision of services directed at these groups.

In this context of **early intervention to avoid unemployment and implementation of Youth Guarantee** the efforts of the NES could also be intensified. This refers to the provision of funds for the support to youths who will register with the NES expecting to receive support in their search for employment. Also, while the increase of registered youths may also be related to hard-to-employ categories (NEET), NES counsellors might need to adjust their approach when working with them.

Finally, the NES could consider developing stronger cooperation with civil sector organisations for youths whose representatives could be trained to approach NEETs in their local communities thus informing and convincing them to register with the NES and start actively looking for a job.

A final recommendation aims at a further professionalisation in the area of **sustainable activation and management of transitions**. The certification of counsellors marks a valuable achievement, in addition providing specific training for future counsellors would help to develop staff with relevant professional skills and knowledge. A good example are bachelor-level degrees offered by some EU PES, e.g. Germany, prior to recruitment. Collaboration with universities and colleges in developing a relevant curriculum is very likely to pay off when hiring newly trained staff from these institutions. Building on another recent achievement, the introduction of the ISCO-08 standards, their application in the placement process could be carefully considered. Matching and job mediation are demanding tasks which could be assigned to qualified staff to ensure their proper application. Thus, training staff is essential in this context. Furthermore, it might be relevant to provide Local Offices with a certain degree of freedom in adapting the provision of placement services to local peculiarities. Although standardisation is important to ensure a basic quality of services throughout the whole organisation, sufficient room to adapt these to the specific local needs and circumstances is recommended.

## 9. Inspiring (good) practices

Several of the approaches applied and programmes implemented by the NES were discussed during the peer review and several of these have been highlighted as strengths in this report. However, two inspiring practices were found by the participants to be worth highlighting specifically.

A first practice of the NES which can serve as a good example is the **provision of online services for customers**, an area which has experienced a boost during the COVID-19 pandemic. Right now, there are several services available online, events like job fairs and trainings are offered in online formats and the website of the NES has been relaunched. All of this makes for a relatively broad range of attractive digital services for jobseekers and employers.

The **ALMP “My First Salary”** is a more specific example for a measure which addresses the needs of young people in the process of transition from education to the labour market. This measure combines a targeted, online-based matching of young people looking for a job and potential employers with the payment of a wage subsidy, thus supporting this high-risk group in their integration into the labour market.

# Annex I: Inspiring Practice: Provision of online services for customers

<b>Name of the PES</b>	National Employment Service
<b>Short sentence summarising the practice</b>	The NES has significantly enhanced its portfolio of digital services for customers, including digital registration and communication as well as digital trainings and virtual job fairs.
<b>Scope of measure (a pilot project or a economy-wide reform)</b>	The further development of digital services is a wide-ranging reform which affects the channels used for services provision throughout the NES. It is an ongoing change process which will lead to the implementation of more digital services in the future.
<b>Short summary of key challenges addressed by the practice and outcomes/lessons learnt</b>	On the one hand, the contact restrictions due to the COVID-19 pandemic necessitated the use of alternative channels of service provision. On the other hand, digital services in general are becoming more and more relevant for efficiently providing services, also for PES. Several programmes and services recently implemented by the NES address these challenges and have led to an enhanced portfolio of digital services.
<b>When was the practice implemented? (including start and end date for pilot projects)</b>	Implementation of these services started after the outbreak of the COVID 19 pandemic, in the second half of 2020, and continued to be implemented in 2021 and 2022
<b>What was the driver for introducing the practice? Was it internal or external?</b>	The drivers were both internal and external. Internally, it was the recognised need for more digital services in general, while externally the COVID-19 pandemic functioned as an additional driver which sped up the process of developing new services out of pure necessity.
<b>Which organisation was involved in its implementation?</b>	Mainly the NES was in charge of these developments, but there was additional support from the GiZ in financing the digital platform for the virtual job fair. Additional online training courses are also provided by an external service provider (JPOA).
<b>Which groups were targeted by the practice?</b>	In general, all customers – jobseekers and employers – are targeted by these new digital services.
<b>What were the practice's main objectives?</b>	One objective was to find pragmatic solutions for servicing jobseekers and employers also under the conditions of the COVID-19 pandemic. Another objective referred to generally implementing more digital services for customers to meet their changing needs.
<b>What activities were carried out?</b>	Development and implementation of two online programmes: "Training for Active Job Search" and "Road to Successful Entrepreneurship" Development and implementation of a "Virtual Job Fair" for jobseekers and employers Establishment of digital communication channels including e-mail, LinkedIn and Instagram Implementation of online registration for jobseekers Implementation of receiving inquiries and posting vacancies for employers
<b>What were the source(s) of funding?</b>	Budget of the NES and financial support from GiZ (for the "Virtual Job Fair")

<b>What are the lessons learnt and success factors?</b>	<p>Digital services proved to be highly effective and were also appreciated by jobseekers and employers.</p> <p>The “Virtual Job Fair” could be made more specific and should be hosted on the NES’ own platform.</p> <p>Online registration should be advanced by the development of an online platform to allow for the upload of documents instead of sending these by e-mail.</p> <p>More online trainings could be organised provided that both the NES and JPOA continue the development of online courses.</p>
<b>Contact details for further information</b>	<p>Ms Neda Milanović Director of Employment Support Sector National Employment Serbia, Dečanska 8, 11000 Belgrade e-mail: <a href="mailto:neda.milanovic@nsz.gov.rs">neda.milanovic@nsz.gov.rs</a></p>

# Annex II: Inspiring practice: My First Salary

<b>Name</b>	National Employment Service
<b>Title of the policy or measure (English)</b>	"My First Salary"
<b>Short sentence summarising the practice</b>	To support the transition of young people from education into the labour market, a special measure was developed and implemented which provides youths with secondary and higher education with an internship with a company or public service while receiving a wage subsidised by the NES.
<b>Scope of measure (a pilot project or a economy-wide reform)</b>	This measure was implemented economy-wide by the NES.
<b>Short summary of key challenges addressed by the practice and outcomes/lessons learnt</b>	The transition for youths from education to training and employment has always been a challenge. This situation was further aggravated by the outbreak of the COVID-19 pandemic. To facilitate this transition, the NES developed a measure to support this transition by facilitating contact with employers and providing additional subsidies during the early period of work experience.
<b>When was the practice implemented? (including start and end date for pilot projects)</b>	Implementation started in December 2020 and is still ongoing.
<b>What was the driver for introducing the practice? Was it internal or external?</b>	The driver was both internal and external. The transition from education to employment had already been identified internally as a risk. In addition, the COVID-19 pandemic functioned as an external driver since it further aggravated the situation of youths looking for their first job during the pandemic.
<b>Which organisation was involved in its implementation?</b>	The measure was implemented by the NES but also involved employers who were interested in participating in this programme.
<b>Which groups were targeted by the practice?</b>	Youths with secondary or higher education
<b>What were the practice's main objectives?</b>	The main objective of the practice is to support youths in their transition from education to employment. At the same time, this measure also supports employers in finding suitable candidates meeting their demands for workforce.
<b>What activities were carried out?</b>	<p>Firstly, a platform had to be set up where employers can register their vacancies suited for the target group of the measure.</p> <p>Secondly, youths created their CVs using the available form on the same platform and, in line with their interest, they applied for any particular vacancies posted by employers on the platform, matching their educational level.</p> <p>Thirdly, candidates and employers are matched.</p> <p>Finally, a tripartite agreement is signed between the NES, the employer and the unemployed youth who starts his or her 9-month internship with the respective company or public service.</p> <p>For the whole 9-month period the young person receives a monthly allowance fully covered by the NES, while the employer may choose to provide a top-up in accordance with the company's internal policies and practices.</p>
<b>What were the source(s) of funding?</b>	The project was funded exclusively from the budget of the NES.

<b>What are the lessons learnt and success factors?</b>	The programme proved to be highly in-demand. The program was well accepted by both employers and youths. Satisfaction of users was highly dependent on the technical characteristics of the platform and the ease of its use.
<b>Contact details for further information</b>	Ms Neda Milanović Director of Employment Support Sector National Employment Service, Dečanska 8, 11000 Belgrade e-mail: <a href="mailto:neda.milanovic@nsz.gov.rs">neda.milanovic@nsz.gov.rs</a>





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