



## **INTERNSHIP PROGRAMME**

*-Report on Serbia-*

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## I. BACKGROUND

There are positive trends of labour market development in Serbia. According to the European Commission report, the labour force participation (15-64 years) reached 66.7 % in 2017, up by 1.1 pps compared to 2016, and the employment rate increased by 2.2 pps to 57.4 %. Over the same period, the unemployment rate went down by 1.8 pps to 14.1 %. Long-term unemployment also dropped significantly, making Serbia a leader of positive development in the labour market in the Western Balkans. Employment has increased in 2017 largely due to growth in manufacturing and services and strengthening of the formal employment. Youth has benefited as well from labour market improvements but their unemployment is still nearly 2.5 times higher than overall unemployment.

However, despite the significant improvements there are some concerns as well. A strong gender gap above 10pps persists in women's labour force participation and employment. Another issue is the job quality. Informal employment continues to hover near 20 %, partly due to its pervasiveness in agriculture. One fifth of all workers have very low work intensity, increasing the in-work poverty risk, compared to the EU average of one in ten (SILC 2017).

On the other hand, active labour market policies continue to have a very low impact; less than 20 000 beneficiaries (around 3 % of registered unemployed) were included in measures such as training, employment or self-employment subsidies and public works in 2017. Most services delivered by Serbia's public employment service to around 110 000 beneficiaries (15 % of registered unemployed) consist of one-day support such as job search training and employment fairs. The recommendation of European Commission is that this measure needs to be complemented by a significant budget increase for active labour market policies in order to support access to employment for the large pool of unemployed, also with regard to future demographic constraints on the size of the workforce.

Despite positive labour market developments, inequality and poverty remain at elevated levels. Most at risk are young people aged 18-24 (32.7 %) and children and youth below 18 (30.2 %), while the population over 65 years has the lowest at-risk of poverty rate of 19.1 %. Half of all households composed of two adults and three or more dependent children and 40 % of working-age single member households are at risk of poverty.

The poor labor market situation of young people in Serbia, as in all of the Western Balkan economies, is reflected in relatively high rates of youth population not in education, employment or training (NEET), which is 18 percent. It should be mentioned however, that this percentage is among the lowest compared to other Balkan economies.

## II. INTERNSHIP PROGRAMS

In the Republic of Serbia the internship programs are organized by the National Employment Service. Under their auspices of the National Employment Service, the following educational programs are created within the vocational training group:

- A traineeship program
- A program of professional practice

To be mentioned, that those practical educational programs, are organized by the National Employment Service, and are implemented at the national and local levels through co-financing programs with local governments.

The target group for programs organized by the National Employment Service are the:

- *unemployed people,*
- *participants who have completed at least the secondary school and*
- *people with no work experience in their profession.*

The National Employment Service has been nurturing and developing internship programs for decades in the field of vocational training in order to enable the candidates to complete the work requirements in the profession they have. Usually these practical educational training are organized to provide a first time experience for the candidates in their respective profession.

These programs for educational practical learning have several modalities, which differ, in terms of the type of work the candidates are engaged. The first are the fixed-term engagements for certain period of time (e.g. during summer), second is the part-time job which candidates spent at work at least 20 hours of practical work at the company premises and the third option is the vocational training for professional development of the candidates in order to do the job.

According to Serbian authorities, a large portion of employers are interested in participating in all of the types of programs, however, especially are interested to providing vocational training the participants to enable them complete them do the job in the designated profession. One drawback though is that these employers do not meet the necessary minimum requirements to participate in the program.

For the better effects of the program, it is necessary to work on developing new legal solutions and provide additional solutions and financial scheme on supporting the program.

## III. LEGAL REGULATION OF INTERNSHIPS AND PRACTICAL TRAINING

As the base for implementing the above mentioned practical programs, the National Employment Service is using the Labour Law, Article 201, paragraph 1, which define the characteristics of the program such as conditions for participating in the program,

duration of internship etc. Since there is no law that regulates the internship programs the content of it is taken from various legal bylaws regulating these practical trainings. However these laws are not regulating all of the programs as mentioned but only concrete action programs implemented by NES and trainings for specific occupations.

Internship programs and professional practices belong to active labour market programs and are an integral part of active employment policy.

The program is implemented on the basis of a public call, which contains all the conditions for the implementation of the program on professional practice.

However, in order to qualify the employer should meet the following requirements:

- to settle all liabilities such as taxes and social contributions within the statutory deadlines;
- according to the law to develop a job description describing the specific jobs obligation that has to be performed by the apprentice,\
- to have settled earlier contractual and other obligations towards the National Service,
- to train an unemployed which are kept on the records of the National Service, and meets the general and special conditions for inclusion in the program, in accordance with the valid acts of the National Service;
- has completed the secondary education but have no sufficient working experience to obtain a professional / internship exam,
- to train unemployed which, in the period of six months prior to submitting a request, were not employed at the same company;
- has nominated a mentor to supervise the work of the intern
- that the company has the technical, space and other capacities for professional training of persons, according to functionality that corresponds to the number of persons who are professionally in training.

#### **IV. INSTITUTIONAL FRAMEWORK FOR INTERNSHIPS**

The target group of the programs organized by the National Employment Service are unemployed persons, those with completed secondary school and have no work experience in the field of practice. At the end of the program, participants will receive a certificate for completing the professional practice, depending on the type of program he/she was taking part in order to be able to pass the trainee exam. There is no obligation for the employers to establish a working relationship with the trainees upon completing their professional practice.

This program is implemented through public invitations announced at the national, provincial and local level. In the previous years, this program was implemented in the framework of the Local Action Plans for Employment, at the level of the Autonomous Province, i.e. the local self-government unit (SGU), with co-financing from the budget of the Republic of Serbia. According to the National Action Plan for Employment this program is not co-financed in 2018, but some SGU are funding this program from the SGU budget but with the technical assistance of NES.

In the last 5 years, between 4,000 and 5,000 unemployed persons are included in the program of professional practice annually. Based on the NES records, in the period between 2013-2017 there are 13,465 of unemployed young people included in the program. However, it is worth mentioning that the traineeship program is less attractive in relation to other programs of professional practice, because of the amount of funds allocated which are less compared to other programs..

The program of professional practice is financed from the funds of the National Employment Service intended for the measures of active employment policies, which pays the monthly fee to participants, as well as the covers the compulsory cost of insurance in the event of an injury at the workplace and any potential occupational disease of the candidate.

As for the results and effects of the program from the analysis of the professional practice conducted by NES, it has been shown that the professional practice has a huge effect on post-practice employment. There are on average 40% to 50% employment of the participants who have successfully completed the practice.

Lastly, the internship and professional practice programs are implemented by the Ministry of Education, Science and Technological Development, the Ministry of Youth and Sports and others.

## **V. STRENGTHS AND WEAKNESSES OF THE PROGRAM**

### **a. Positive aspects of the program**

- **National Strategy on employment:** Serbia has adopted the National Strategy on employment 2011-2020, which incorporates the internship and professional practice. There are national action plans developed and implemented as part of the strategy.
- **Financial subsidy:** As in many other countries, Serbia is providing a financial compensation for the program. However, the number of beneficiaries is limited because of the modest budget provided for this measure.
- **Measuring the effects of the program.** According to the organizers of the internship programme, on average 40% of interns transit into full time employment, which makes Serbia a rare case of measuring the positive effect of the program.

- **Donor programs:** the country has used the international community funds to financially support the program. In cooperation with the Serbian government, most of the funds were received through technical assistance provided by EU, but there has also been support by USAID and other international programs.
- **Internships for disadvantaged groups:** One of the measures of the program is the professional practice for individuals coming from rural areas which have been traditionally disadvantaged.

#### **b. Areas for improvements**

- **Professional practice part of education.** Internships are available only students for those that have completed the secondary education and graduates with no work experience from specific occupations such as lawyers, medical staff etc. but, it does not include those that are in the process of education and graduating students from the Higher education institutions and unemployed people that want to change the career and use internship as a platform to make the career change.
- **Financial Scheme supporting the internship.** There must be a special financial scheme that supports the internships program. There must be a mechanism that will allow the sustainable budget allocation for this program outside of the active measures on employment implemented by NES. Additionally, the private sector could provide the stipend for candidates doing the internship program.

## **VI. RECOMMENDATIONS**

- **New Law on Internship.** Since there is no law that regulates exclusively the internships rather it is regulated by special acts or bylaws it brings the necessity that this activity is regulated by special law or special section of the law which will explain in the details the entire process of internship.
- **Wider groups of beneficiaries.** As explained above the main beneficiaries of the internships are students that have completed the secondary education and graduates with no work experience but, it does not include those that are in the process of education (only some occupations) and graduating students from the Higher education institutions and unemployed people that want to change the career and use internship as a platform to make the career change. Thus, it is crucial for the program to include other target groups that can benefit from the internship programs or other professional practice programs.