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Peer Review on Employment Measures in the Western Balkans
Internship Programme

FINAL REPORT

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I. LESSONS LEARNT FROM EUROPEAN UNION (EU) PRACTICES

Studies on internship in the European Union have concluded that the best results of internship in terms of quality, effectiveness, teaching content, and the experience of interns are internships that take place within the framework of university and vocational education. However, well-structured internship programs within active employment measures, as it is the case in almost all of the Western Balkan economies (included in the study) also provide excellent results.

These analyses have identified a number of factors that contribute to the success of internships and which should be taken into account in the preparation of laws, procedures and guidelines of internship programs:

- Stable institutional and legislative framework that clearly defines the requirements for the quality of content and programs, regulates the rights and the obligations of parties, defines the status of interns, and introduces basic rules and conditions including compensation, quality assurance mechanisms, contractual terms and minimum qualifications of the trainers / mentors.
- Active inclusion of social partners through their participation in relevant committees, their involvement in the creation of educational programs including practical education / training, monitoring and evaluation of the success of the internship, contribution to the funding, etc.
- Significant involvement of the employer beyond the co-designing of internship programs, providing adequate support for practitioners, establishing standards and quality assessment, promoting internships, etc.
- Close partnerships between employers and educational institutions through knowledge sharing and two-way interaction.
- Providing funding including employer subsidies and other benefits.
- Harmonization with the needs of the labour market on the national level.
- Robust framework for quality assurance.
- High quality of mentoring and the support of interns.
- Appropriate connection of interns with the host organization.
- Combining theoretical training in schools with practical workplace experience.
- Existence of an internship/repatriation contract.
- Certification of the acquired knowledge, skills and competencies.
- Fixed and flexible approaches to the needs of vulnerable young people.
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II. CURRENT SITUATION IN THE WESTERN BALKANS

In the economies included in the assessment, internships have been identified as a need to overcome challenges on the labour market, above all the following:

- a) High unemployment especially among young people and resolve the long-term unemployed from around 11% in Serbia to 40% in Kosovo*¹).
- b) The gap between knowledge supply and demanded skills. Here, regardless of the existing legislation, the education system, including the practical education, does not provide the desired effects and outcomes in terms of producing graduates with practical knowledge and skills that could be directly included in the labour market.

This is confirmed by the reports and assessment that the consultant conducted with the practitioners of employment agencies and respective institutions which confirmed that internship is not the highest priority of respective governments (excluding the Former Yugoslav Republic of Macedonia, which has created an advisory board to draft the new law on internship) which is in contrary to the experiences in the European Union.

Thus the current situation creates additional pressure and expectations that the internship program implemented outside the educational system should deliver results out of its real capabilities. Consequently, regardless of the legal solution adopted by each government on internships, they must work in parallel to improve the quality of formal education (including the quality of practical education and training).

II.1 Legal regulation of internships in the Western Balkans

Having in mind what has been stated above, and taking into consideration all of the factors, the internship law (or any other form of its legal regulation) must have two primary objectives:

1. *encourage higher level of quality of internships in the sense of increasing employability skills of the workforce and improving access to employment of current and future entrants in the labour market; and*
2. *provide a clear and understandable framework and guidance for all stakeholders that wish to engage interns and provide appropriate mechanisms to protect both the provider and the user of internship.*

The law should not aim to be a "solution" to all internship-related challenges, nor should it provide a detailed description of the internship program or be used as a substitution of the education curricula or active employment measures. It should provide a framework based on which various stakeholders will upgrade and develop their employment policies and programs. Likewise, the internship law is not a substitute for other compulsory and voluntary forms of work and social engagement mentioned in other laws. On the contrary, it should be used in a complementary manner to complete the legal framework in this segment.

¹ This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

III. POSITIVE PRACTICES IMPLEMENTED BY INDIVIDUAL ECONOMIES

Each economy underwent the review in terms of the practices adopted regarding the internship program. There were many similarities among all of the Western Balkan economies, however there were also many positive examples which could be transferred as KNOW-HOW in a learning process with peers.

- **New Law on Internship:** in order to have a larger number of interns and companies offering internship placements there must be clearer legislative explanation of internship program. The Former Yugoslav Republic of Macedonia has made real advancements by being the first economy in the region that is in the process of adopting a new law on internship programmes, whereas other economies regulate either through by-laws or by existing laws such as the law for professional education and/or higher education law that only mention internship programmes, but do not provide a clear explanation of the program.
- **Internship as part of the education process:** There are private education institutions in Albania and Kosovo* that have integrated a special course for professional career development and internship as part of the education system of the institutions, for which the student gains academic credit. Usually, these courses are offered as elective ones which students can take only if they choose to be part of the course and are offered in the upper level of studies which are finalized by doing an internship in the company. However, this is not the practice in all of the institutions, especially public ones. In other economies, the internship and/or professional practice is part of the vocational education especially compulsory for some occupations such as lawyers and medical staff but, not across the education spectrum.
- **Volunteerism:** the only economy that has done an effort to regulate the volunteer work is Albania which allows the interested candidates to volunteer in the NGO sector or public institutions.
- **Contracts:** Almost all of the economies have imposed a requirement for legal contract between the intern and the company, in order to regulate the obligation and responsibilities of the parties. It is a positive practice that could be shared with private providers in order to prevent the contractual parties from disobeying the contract arrangements.
- **Internship process:** Almost all of the Western Balkan economies have established a process in which National Employment Agencies are involved in the selection process of candidates and mentoring of interns however, there is no real progress in reporting while the student/intern is doing the internship and feedback provided from the lessons learnt from the internship process.
- **Internship mediators:** Kosovo* and to a certain extent Albania have the most developed market of private providers of internship placements and have adopted the most liberal approach of organizing the internship program. The other

economies rely on the NES capacities and target groups to organize and provide internships.

- **Employment strategies:** Even though most of the economies include the internship programs as active labour measure in the annual plan of the Ministry of Labour, Serbia has developed a national strategy for employment and included internship as a strategic measure which leads to employment. The case of Serbia could be used as an example to better highlight the importance of internship programmes.
- **Inclusiveness of internship programme:** In almost all of the economies, internships and/or professional practice is provided by the national employment agencies which also use donor funds to implement the program.
- **Financial compensation:** Almost all of the economies provide financial incentives, however Montenegro has organized the best concept to financially subsidize the program. There is considerable amount of funds allocated by the government that are provided to support the program.
- **Internships for traditionally disadvantaged groups:** Serbia is offering the internship not only for those that are part of education system but also for traditionally disadvantaged groups such as for individuals coming from rural areas, who are traditionally marginalized from benefiting from such initiatives. Serbia could be used as a model for organizing the process and the program of internships for these groups.
- **Operational Manual:** Kosovo* is the only economy that has developed an operational manual that describes the entire process of internship and it is available to all of the parties involved in the process. There are clear instructions for those seeking internships, providers of internship and those that accept interns, which simplifies the process and keeps the parties more informed about the entire process.
- **Measuring the positive effects of the program:** Serbia has measured the effects of the program, resulting in 40% of interns gaining full time employment. This could be used to make a case with national legislators to first, allocate more funds for the program and second, establish a clearer legal process of internship in the Western Balkan economies.

IV. RECOMMENDATIONS

Even though there is a lot of positive development and practices in each of the economies included in the study, there is still a lot of work to do, in order to achieve the level of support that EU countries provide for the internship program. In this part of the recommendations, the document addresses the key components that need to be defined and covered in the legal solution. In doing so, the Internship Quality Framework adopted by the European Union is followed as a minimum standard for quality internships and should be used as a guideline by all of the economies in the region to regulate the internship.

(1) Defining internships

Based on the assessment and information received by the respective institutions there is confusion on the terminology and definition of what internship is. Therefore, the law should offer a clear definition of terminology that will distinguish between the internships and other forms of training through practice as a result of working relationship practices such as practical work, traineeship, apprentice etc. Internships also should distinguish from other formal programs of qualification available through active employment measures. However, this does not exclude the possibility of combining them within the framework of operational programmes.

The proposed terminology and definitions are already explained in the previously submitted reports.

(2) Forms of internships in relation to target groups

One of the key findings of the assessment is the lack of a clear line for which target groups the internships are intended to. Moreover, there is no clear division between the internships offered to those in education institutions (furthermore, there is no differentiation between the vocational students with higher education students) with those that are part of the labour market.

The law must define the scope of the target groups. This includes several aspects such as:

- The target groups regarding their status in the labour market i.e. whether the law will cover only the unemployed persons outside the educational process or it will include the practical trainings of practitioners and students in the educational process.

Usually, the practical training of students in the educational process is part of the regulation in the domain of education. The predetermined arrangement of the practical education/training of university students could also be understood as interference in the autonomy of universities, therefore, in most of the economies it is subject to detailed reforms of education institutions themselves.

On the other hand, there are no obstacles if the existing law in the field of education refers to the (new) law on internship, which are compatible. The internship law could leave room for the implementation of some universal principles of internship applicable to practical training in education (for example, some of the working conditions, rights and obligations, etc.). This would be especially important for students, who do a practice/internship in more than a month.

Defining target groups in terms of age, must consist of the following:

- The law should include young people which are outside of the educational process that want to make the first steps towards employment (transition from education to the labour market).
- The law should have a wider scope by including other unemployed persons who are less employable because they lack practical knowledge and skills required in the labour market.

- A phased approach, that is, the law should be fully applied to young people, while for the remaining unemployed persons it should initially only be applicable if they are part of active employment measures. Through the piloting of the internship measure for other age groups, the success and applicability of the internship will be tested. If it proves to be appropriate, after a certain period of time, the law should be fully open to other target groups.

The suggestions of EU for internship do not refer to any restrictions in terms of the age of candidates. But the EU practice shows that most of the countries focus on the young people outside the education system.

Regarding employers, it is recommended that the law be applicable to all employers. As a mechanism of self-control, following the example of the federal government of Germany, it could be foreseen to limit the duration of internships with state authorities for a maximum of three months.

(3) Introduction of a compulsory agreement

In accordance with the recommendations, the law would introduce a compulsory contract agreement concluded directly between the intern and the employer.

If the employer uses financial benefits from active employment measures, then it is necessary to include also a contract with the Employment Agency or another intermediary (if it is foreseen with the measures) and directly monitor the spending of public funds.

In order to protect the rights of interns and prevent the possibility of re-occurrence (meaning hiring the same person multiple times as an intern over a longer period of time), a restriction must be imposed on the employer to sign only one internship contract (for the maximum duration according to law) with the same intern (example of Greece).

The law should include a provision that the internship agreement is not a replacement for a full-time job. It should also be properly defined so that inspections and controls can be carried out by the competent authorities. In Austria, for example, it is stated that the intern cannot perform regular job obligations and cannot be integrated into the job structure in order to avoid a job substitution. If there is further concern about this aspect, some EU countries further limit the period after which the employer can hire a new intern. For example, in France, a company cannot hire new intern in a period of 1/3 of previous the time other internships were hired for the same job.

(4) Achieving learning and training objectives

This is one of the key challenges that the consultant has identified in order to achieve higher quality of internship. It is therefore recommended to take into account the following aspects:

- The consultant recommends that practitioners nominate a supervisor for the intern who will guide the trainee, monitor and evaluate his/her knowledge,

competencies and skills. This is especially important if you anticipate the recognition of internships in the entire process.

- For each internship position, the employer must compile and share with the intern the description of the tasks where the objectives and responsibilities are clearly defined.
- Discuss whether there is a need for employers to hire more interns at the same time (for example, more than 10) to implement the Internship Program.
- If there is concern that the quality of internships can be reduced if the employer employs a larger number of interns compared to the number of employees, then it should limit the number of interns in order to achieve a balance with the number of employees. For example, in Denmark it is defined that at a given time the employer can hire 1 intern for every 5 employees if it is an employer with under 50 employees or 1 intern for every 10 employees if it is an employer with over 50 employees. In Ireland, employers of up to 10 employees can hire 1 intern, up to 20 two interns, etc. While this may also serve as a protective mechanism, it is still limiting in relation to the internships available, especially in areas where work processes allow the involvement of more interns, regardless of the number of employees (for example, the IT sector).

(5) Duration of Internship

The duration of the internship period should be limited in order to discourage any breach of labour law. In this direction the consultant recommended that the internship of persons outside the educational process must be limited to a maximum of 6 months. The possibility of continuation should be left open only in cases where the internship could be carried out as part-time. Since the internship is limited to 12 months, the duration of the internship should not last longer than this period, since in that case, the employers will be discouraged from offering an employment contracts.

If the employer continues to hire an intern as a trainee, the duration of the internship should be considered as part of the internship.

(6) Working conditions for practitioners

The consultant also pays particular attention to the working conditions of the interns, which should be appropriate and take care for the wellbeing of the interns. In this regard, the law should provide guidance on the following issues:

- *Compensation for interns*

Even though the legislation in many Western Balkan economies is rigid (absence of the law on internship) it is left to companies to decide whether they pay interns for their work. The recommendation of the consultant is to allow paid or unpaid internships, but only if this is stated clearly in the job vacancy and the contractual agreement. Practices in the EU are colourful about this issue. Internships that are part of active employment policies are usually given to practitioners who are often subsidized by state or EU funds.

In terms of compensation, several options should be considered. It must be carefully considered to balance between the need to protect the rights of providers and the interns to avoid the additional costs (e.g. transportation) and the possibility of compulsory remuneration to discourage small and medium-sized enterprises from accepting interns.

- Interns should receive a small scholarship to cover the basic costs of food and transportation.
- Setting compulsory fee determined on the basis of the percentage of the minimum net wage in the company or sector as is the case with the few countries of EU.
- The fee should not be mandatory in the first three months of the internship, and then in the remaining months it should be obligatory as percentage of the minimum wage.
- The fee that the intern will receive shouldn't affect the social assistance.
- It is recommended that law provide health insurance and accident insurance in the workplace for compulsory internships in accordance with the laws for health contributions and safety that must be covered by the provider of the internship. This is already a common practice with active employment measures and it has been shown that there is no significant burden for employers.
- The law should also provide for the provisions on the right to celebrate holidays and use vacations during the internship. In this regard, the interns could be subject to the same conditions as for other employees in accordance with the Law on Labour Relations.

(7) The rights and obligations of stakeholders

The law should stipulate mandatory agreement for the internship to define the internship, obligations of the intern and the provider of the internship. In this regard, the consultant points out that it is important to determine aspects of confidentiality of information (business information), intellectual property rights, liability for possible damages as a result of internship, etc.

(8) Recognition of internships

The stakeholders indicate the importance of recognizing the skills acquired during the internship. Since in this case it is not about the acquisition of formal qualifications, it is recommended that the organizers of the internship or traineeship, issue a certificate stating the list of skills and competencies that the intern obtained during the practice.

(9) Transparency by employers

The consultant points out that providers of the practice must be transparent when publishing information about internship opportunities. Explicitly, the advertisement of the internship opportunity should clearly state the conditions for doing the internship, the compensation and other benefits that come with the internship, the method in

which the interns will be selected, etc. It is therefore recommended that the principle of transparency is incorporated into the law itself.

(10) The role of the institutions and other intermediary organizations

Employment agencies should play an important role in the process of conducting the internship regardless of which legal option is chosen. The agencies should maintain a register of all unemployed persons, and service both employers and unemployed. The agencies should also play a key role in monitoring and evaluating the impact of internships in the labour market.

In addition to national employment agencies, policies can also be envisaged for other intermediary organizations. Taking into account the needs and capacities, they can play an important role in facilitating internships not only in terms of mediation, but also in providing technical support and guidance to employers (especially for small and medium-sized enterprises) when hiring interns. With regard to the selection of interns, they can technically support the process, while the company makes the final choice.

(11) Internship information and records

In order to systematically monitor the movements in the area of internships, the number and quality of internships, it is necessary to introduce a system for monitoring the internships. The system could be in the form of a register in which it is clearly stated when the internships start and end. The monitoring of all activities in this section provides concise insights into the achieved results as well as an opportunity to discover the quality of the law, after which it could be changed according to the evidence as a result of monitoring system.

(12) Financial benefits for employers

In order to link internships with employment policies and to support employers (especially SMEs) to hire interns, the option of tax reliefs and/or financial benefits must be considered and discussed. If, after the expiration of the internship agreement, the same employer offers full time employment to the intern for another year than the employer could be exempt from the payment of contributions in that period, etc.