



LOCAL EMPLOYMENT PARTNERSHIP IN KOSOVO*

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Author: Ranko Markuš

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Foreword

This analysis is part of a larger project to support RCC in managing the mutual learning activities among Western Balkan economies under the Employment and Social Affairs Platform (ESAP). ESAP is a regional project financed by the European Commission and jointly implemented by RCC and ILO in Albania, Bosnia and Herzegovina, Kosovo*¹, Montenegro, Serbia and the Former Yugoslav Republic of Macedonia. The project, which began its implementation in 2016 and lasts for 3 years, aims to strengthen regional cooperation and institutional capacities of national administrations, employers' and workers' organizations, enabling them to develop and effectively implement labour market and social policy reforms in their EU enlargement process.

The issue in focus of this particular peer review is the evaluation of local employment partnerships (LEPs), by selecting 2 successful local employment partnerships in Bosnia and Herzegovina. As a result of the assignment, a national report for Bosnia and Herzegovina and 5 short reports are prepared for the other Western Balkan economies. Based on these national and regional analyses, a peer visit will be organized in Bosnia and Herzegovina whereupon officials from the Western Balkans will visit the selected municipalities and exchange views and experiences with the selected partnerships in Bosnia and Herzegovina. The aim of this research is to develop a standardized format for LEP reporting and analyses. It should not solely include the final status of outputs and immediate objectives, but also portray the factors contributing to or hindrances that affect the achievement of results. Furthermore, the aim is to illustrate how the intervention was managed, identify what could have been done differently and what methods or strategies can be replicated in other technical cooperation activities. Following the reports, an inclusive process of consultation among stakeholders, implementing partners and constituents should take place.

The purpose of this activity is to peer review different dimensions of LEP functioning (design, process and results). It addresses the policy performance of selected LEPs in a systematic and objective manner in terms of relevance, effectiveness, efficiency and strategic approach. The evaluation assesses the relevance of the approach, and is based on the following goals:

- to analyse the approach as well as to identify the extent to which the LEP has defined and approached its planned objectives,
- to identify the extent to which its strategy has proved efficient and effective,
- to identify the extent to which an anticipated long-term impact and sustainability can be expected, and
- to identify and document substantive lessons and good practices.

The peer review of different practices should be used as a knowledge base for developing future LEPs in Bosnia and Herzegovina, and in turn the Western Balkans region. A thematic evaluation of the Local Employment Partnerships as structural policy instruments

¹ * 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.

is planned. The following elements and topics will be the consultants' focus throughout the research.

Summary

Kosovo*'s unemployment rate remains the highest in Southeast Europe, although it has decreased to 26.50% in the first quarter of 2018 from 30.60% in the fourth quarter of 2017. It averaged 36.90% from 2001 until 2018.

In practice, territorial employment pacts (TEP) are mostly initiated by donors. Donor and beneficiary coordination meetings are organized regularly, and very often are based on cooperation agreements, or officially signed Memorandum of Understanding (MoU). Municipalities involved in some particular project confirm their obligations defined in the project documentation.

Activities are coordinated by a group of local stakeholders that brings elements of ownership and sustainability. The general expectation of donors is to continue to work in post-project period, if the model proves viable. In principle, the continuation of activities has been achieved, but through the implementation of donor-funded projects. donor and local institutions agreed that local contribution will be close to 15% of the overall project budget. That will for sure bring local ownership over the results, and potential sustainability and replication of successful practices.

The evaluation has been conducted by external consultant, hired by the donors.

Introduction

Kosovo*'s unemployment rate remains the highest in Southeast Europe, although it has decreased to 26.50% in the first quarter of 2018 from 30.60% in the fourth quarter of 2017. It averaged 36.90% from 2001 until 2018². There were significant gender differences throughout Kosovo*'s labour market. The unemployment rate was much higher among women, 37.1%, compared to 28.7% for men. Kosovo* has one of the youngest populations Europe, youth are twice as likely to be unemployed if compare to adults. That is representing huge socio-economic issue, but also development potential. The jobless rate in the age bracket 15-24 years increased from 52.4% in 2016 to 55.9% in 2017.

Graph: Kosovo* Unemployment Rate

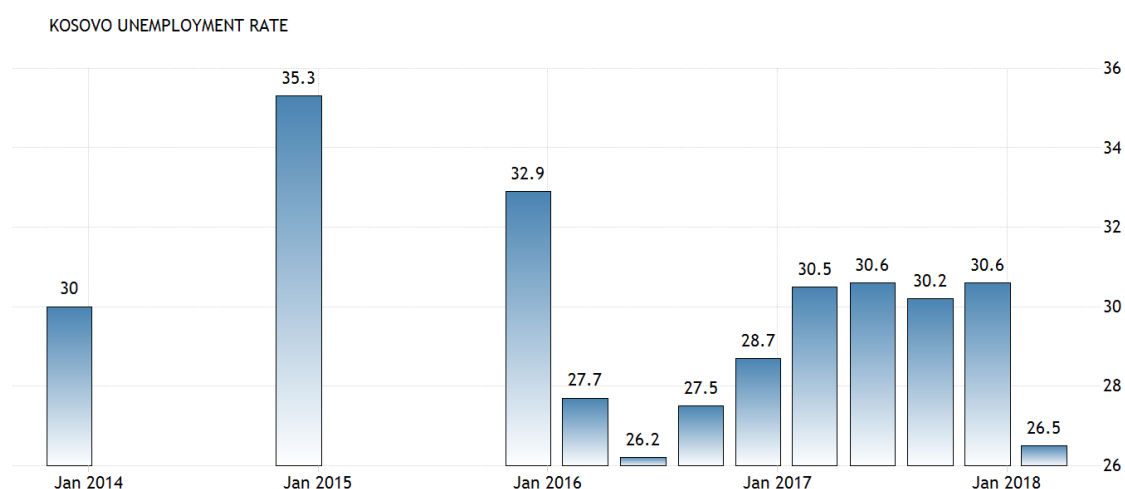


Table: Kosovo* Labor Market Key Indicators

| | 2017 | Unit |
|--------------------------------|---------|-----------|
| <u>Unemployment Rate</u> | 26.50 | percent |
| <u>Unemployed Persons</u> | 102,623 | |
| <u>Wages</u> | 476.00 | EUR/Month |
| <u>Population</u> | 1.79 | Million |
| <u>Youth Unemployment Rate</u> | 52.40 | percent |
| <u>Employment Rate</u> | 28.80 | percent |

Labor market participation is generally characterized by very low labor force participation rates, in particularly youth and women. About two-thirds of Kosovo*'s population was at

² <https://tradingeconomics.com/>

working age (15-64 years) last year, while 57.1% of those were economically active. Very high levels of discouragements are present. Kosovo* has a population of around 1.79 million.

Organizational Structure

Legal Status

In practice, territorial employment pacts (TEP) are mostly initiated by the donors. Donor and beneficiary coordination meetings are organized regularly, and very often are based on cooperation agreements, or officially signed Memorandum of Understanding (MoU). Municipalities involved in some particular project are confirming their obligations defined in the project documentation.

As example can be used the Municipality of Suharekë/Suva Reka that was involved in the project Integrated Regional Development (IRDS) financed by the Austrian Development Agency (ADA) and **Cooperative for Assistance and Relief Everywhere (CARE)** since 2009. Through technical assistance were established a Municipal Development Center (MDC) and a Local Development Fund (LDF), they were meant to serve as TEP framework. As continuation of strategic involvement of the international community has been launched Local Level Response for Generating Jobs project (January 2014 - January 2017) and Integrated Territorial Development – Territorial Pacts for Employment (INTERDEV). The project has been implemented in the municipalities of Dragash, Shtërpce and Suharekë and represents typical TEP donor-driven approach.

The organizational structure of all projects has been composed by the board of the project, beneficiary municipalities, the executive implementation team UNDP, as well as donors that are signing above mentioned MoU. This framework is a bit broader than typical definition of TEP, but can provide all necessary functions for decided interventions.

Membership

Local Action Groups (LAG) have played a crucial role in INTERDEV implementation. In theory LAG is entity in charge of implementation of the local development strategy, and in principle it serves to the same purpose as TEP. It can be registered as NGO³.

In the case of INTERDEV project has been implemented in three partner municipalities Dragash/Dragaš, Štrpce/Shtërpçë and Suharekë/Suva Reka, while typical membership composition LAGs was as it follows:

- The Municipality
- Municipal employment office
- Vocational training centre
- Private sector enterprises
- Local Development Fund (LDF)

³[http://helvetas-ks.org/s4re/wp-content/uploads/2014/05/Project_document_phase_II_2016_to_2018_Skills_for_Rural_Employment_S4RE - Kosovo-1.pdf](http://helvetas-ks.org/s4re/wp-content/uploads/2014/05/Project_document_phase_II_2016_to_2018_Skills_for_Rural_Employment_S4RE_-_Kosovo-1.pdf)

Limitation of the “project approach” is in the fact that the initial group of LAG founders has not been expanded and it remains limited to a flat organisation form, defined at the beginning of the project. LAGs also does not have possibility to discuss and decide on strategic issues, members are limited on operational decision making and require approval of member institutions for most decisions.

Capacity building activities to improve TEP knowledge, and efficiency are limited to general trainings and seminars that are attended by TEP members (e.g. on economic and social development), but randomly, from one to another opportunity organized by donors. Still practice of LAG operation contributed to strengthening capacities of municipal stakeholders in understanding of the local economic development and the role they should play in public service delivery, including employment services.

Strategic approach

Goals and priority areas

TEP/LAG has been created as ad-hoc project-based activity, pilot effort in the form of a several projects. Activities are coordinated by a group of local stakeholders that brings elements of ownership and sustainability. General expectation of donors is to continue to work in post-project period, if the model proven viable. In principle, continuation of activities has been achieved, but through implementation of donor-funded projects.

Although TEP strategies (e.g. Employment Action Plan) does not exists, municipalities have their own Local development strategies, and TEP activities can be broadly referred to it:

- Municipal Development Plan for Municipality of Dragaš 2013-2023;
- Municipal Development Plan for Municipality of Štrpce;
- Municipal Development Plan for Municipality of Vitina;
- National Development Strategy of Kosovo* 2016-2021.

INTERDEV Project Document is making links to those documents, but there are no strategic pointers in defining the TEP/LAG priorities and role. TEP/LAG strategic directions are solely related to the donor documentation, such as project document, logframe and activities plan.

Through establishment of TEP/LAG within INTERDEV, following results were achieved within January 2014 – January 2017:

- Municipal Local Action Groups leading the project implementation 190 rural micro-enterprises upgraded (cow breeding and milk production, raspberry production, and beekeeping)
- 22 vocational jobs created for vulnerable youth
- 3 Social Enterprises established, providing employment opportunities to vulnerable individuals
- 19 vulnerable women employed under a wage-subsidy scheme

In the second phase INTERDEV supported TEP/LAG to stimulate agricultural production in vegetables, raspberries, beekeeping, milk and cow-breeding, create jobs for youth in professions demanded by the market, promote tourism and touristic infrastructure, launch and expand social entrepreneurship to enhance work integration of vulnerable population, as well as promote organic production.

Financing

In planning of activities external partners are not involved, TEP/LAG priorities are discussed and agreed during project negotiation and inception phase. Funds for activities are secured on a project basis, mainly from international donors, sometimes with municipal small-scale contribution. There is clear lack of strategic approach to fundraising, while public funds are not planned for these purposes. For example, for implementation of the INTERDEV phase 1 donors provided 1,660,000 EUR, as presented in table below.

Table: Donor financial contribution to project implementation INTERDEV phase 1

| Donor | Amount |
|---|---------------|
| Austrian Development Agency (ADA) | 1,600,000 EUR |
| United Nations Development Programme (UNDP) | 60,000 EUR |

During planning of the second INTERDEV phase (February 2017 – February 2020) donor and local institutions agreed that local contribution will be close to 15% of the overall project budget. That will for sure bring local ownership over the results, and potential sustainability and replication of successful practices. The INTERDEV2 continued to utilize tested methodologies and expanded its services to a new municipality of Viti/Vitina in the south-east of Kosovo*, which is important for long lasting results.

Table: Donor financial contribution to project implementation INTERDEV2

| Donor: | Amount: |
|--|------------------|
| Austrian Development Agency (ADA) | EUR 1,650,000.00 |
| United Nations Development Programme UNDP | EUR 50,000.00 |
| Third parties (the Ministry of Labour and Social Welfare – MLSW, partner Municipalities) | EUR 255,000.00 |

Implementation Mechanism

As explained in earlier chapters, different donors have facilitated the preparation of TEP/LAG by supporting the leading role of the local authorities and local employment office and mobilizing the support of relevant partners. In view of integrating the European Employment Guidelines into Kosovo*'s active employment policies, the preparation of the TEP/LAG followed the steps and methodology used in several European regions:

1. Identification of a relevant/interested municipality;
2. Dialogue and collaboration among the representatives of the local to seek the commitment of those who have the resources and responsibility for the future development of the municipality and its communities;
3. Completion of a participatory strategic audit of the area for the determination of challenges, common concerns, and prospects of the different actors who are active in the field of employment;
4. Identification of a planning group/development agency responsible for the strategy (TEP/LAG);
5. Selection of a set of strategic interventions that are attainable within the relevant time-scale. These are formally laid down in an agreement described as a "territorial employment pact";
6. Mobilization of the appropriate capacities and organizations for delivery, according to transparency and efficiency criteria;
7. Financial and operational reporting.

Monitoring and Evaluation

The evaluation has been conducted by external consultant, hired by the donors. Firstly, hired consultant conducted a comprehensive desk review of relevant project-related documents and, based on this information, draft and submit an inception report with appropriate methodology to be applied during the evaluation. Together with the project staff consultant conducted on-site field visits, meetings, discussions, and interviews with relevant stakeholders and project beneficiaries in Kosovo*.

Based on collected information a debriefing workshop has been organized at the end of the mission with main stakeholders to summarize and confirm initial findings and recommendations.

Supported by the project team, and based on the feedback received during the debriefing workshop, consultant drafted a final evaluation report containing the methodology applied, a presentation of findings, presentation of the lessons learned and clear strategic recommendations. Recommendations were addressed to UNDP and its partners, so it does not target improvement of local institutions, but future donor interventions of similar nature in the target areas and beyond

Conclusions

Kosovo* is typical donor-driven TEP creating methodology, that brings understanding and knowledge related to the policy measure, but it does not guarantee sustainability nor ownership. In the current phase of INTERDEV project, some ownership shifts from donors to local institutions are visible in ensuring co-financing of activities.

In this situation donors are having big responsibility and should be guided by national authorities and national strategies. Donors should take strategic approach, as they are making market imbalances, and their interventions should be in line with government policies:

National government should create legal framework for establishment and functioning of TEPs. It has to be part of national policy framework, including national development strategies and the employment active labour market measures. If it is not possible due lack of capacities or understanding, donors should provide technical assistance in policy development prior financing activities into the field;

Having in mind that existing strategies, and belonging action plans, are mainly developed within donor driven activities, the first step could be in promotion, awareness and acceptance of those documents to be implemented, while funds for its implementation could be ensured through public sources (budgets at different levels) and donor funds. It is evident that even strategic documents are not available at municipal websites, but on donor ones, so the first step would be to make important steps to understand importance of the strategic framework, make action plans for its implementation, and relate budget planning to it.

The concrete initiative must spring from the local level needs or problems and may not be imposed by a higher authority or donor. The aim is to develop local creativity in designing solutions to combat unemployment. Focus should be on real priorities, solving long-term problems, changing processes and behavior and not just on solving ad-hock identified problems. TEPs are essentially experimental and designed to test out new ways of dealing with the endemic problem of unemployment, having in mind that every local community has its own specificities, and potentials;

Described TEP/LAG is the first attempt in Kosovo* to realize local-level concertation around employment issues. Driven by the Local Action Group, the Pact defines the roles and responsibilities of actors involved in efforts to generate and formalize employment in a particular municipality. The TEP is a replicable model. With the support of the Ministry of Labour and Social Welfare, the Municipality can already begin promoting subsequent TEPs, with specific actions and targets, and build relevant partnerships for implementation. Other municipalities of Kosovo* can also engage in the necessary steps (see above) to move towards pacts for employment generation.

List of abbreviations

ADA – Austrian Development Agency

EU – European Union

INTERDEV – Local Level Response for Generating Jobs and Integrated Territorial Development – Territorial Pacts for Employment

IRDS – Integrated Regional Development in the Municipality of Suharekë/Suva Reka in the sector of agriculture

LDF – Local Development Fund

TEP – Territorial Employment Pact

M&E – Monitoring and Evaluation

MDC – Municipal Development Center

MSLW – Ministry of Labor and Social Welfare

NGO – Non Government Organization

TEP – Territorial Employment Pact

UNDP – United Nations Development Programme