



This project is funded by the EU

LOCAL EMPLOYMENT PARTNERSHIPS

FINAL REPORT

November, 2018

Author: Ranko Markuš

Contents

Introduction3
Local Employment Partnerships Policy Framework5
Methodology4
Peer review study Tour5
Transferrable Lessons and Good Practices7
Recommendations and Proposals for Follow-up Actions8
List of abbreviations10

Introduction

This Final Report describes a 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). Through employment bureaus, PES should play a pro-active role in steering and coordinating the partnership process in the framework of employment policies defined both at entity and state levels. Building successful partnerships around Public Employment Services is not an easy task for several reasons (Giguère and Froy, 2009). It requires strong culture of cooperation, which is not as straightforward as it may seem, as public agencies have been designed to carry out tasks for which they had overriding responsibility on their own, but not to compromise and involve creative problem thinking in finding solutions. It also requires building trust between potential partners coming together from the public, private, and not-for-profit sectors, which have different interests. The OECD defines local policy flexibility as “the possibility to adjust policy at its various design, implementation, and delivery stages to make it better adapted to local contexts, actions carried out by other organizations, strategies being pursued, and challenges and opportunities faced” (Giguère and Froy, 2009).

Therefore, the purpose of this activity is to peer review different dimensions of LEP strategic 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 focus of this particular peer review is the evaluation of local employment partnerships, by selecting 2 successful local employment partnerships in BiH, and one per each Western Balkans economy. As a result of the assignment, a BiH national report (with two parts – RS and FBiH) and 5 short reports for the other Western Balkans economies have been prepared.

The regional peer review workshop on local employment partnerships in BiH was organized as a three-day event and was hosted by representatives of BiH PES system organizations (Agency for Work and Employment of BiH, FBiH PES, PES RS) and

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.

ESAP/RCC (including a national expert from Bosnia and Herzegovina). Peer assessors as well as other employees from Public Employment Services of Albania, Kosovo^{*2}, Serbia, The Former Yugoslav Republic of Macedonia, and Montenegro attended the program and provided key inputs for improvement of local employment partnerships in BiH and the WB6. The peer review of different practices could be used as a knowledge base for developing future LEPs in Western Balkans region.

Methodology

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 has taken place and the following elements and topics have been the consultant's focus throughout the research.

Based on the evaluation goals, the evaluation criteria are grouped according to several levels of the LEP implementation, as follows:

1. **Organizational structure/membership/ownership:** To be efficient, a partnership should have a recognizable and autonomous structure to help establish its identity. The structure should have stability and permanence as well as flexibility, based strategically within the key institution responsible for local development. Partnership should be formalized and should consist of all key stakeholders in terms of local development. Lines of communication should ensure that all partners are kept informed and involved. Sufficient human and financial resources are also needed for strategic approach to local development.
2. **Preparation/roles of different actors/formalization and implementation:** Preparatory work is crucial for developing a steady and effective partnership. One of the most important aspects of this phase is to establish clear roles for each partner, as it is important to get formal commitment, which a number of partnerships have solved through the partnership contract signing.
3. **Strategic approach/Work plan:** Partnerships need to develop a long-term strategy if they are to work effectively in the long run. When partnerships are set up at the local level, this strategy should include a vision for the local area focusing on the desired outcome, an action plan identifying shorter-term priorities, and a coordinated working

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

program including activities and measures that will contribute to the achievement of long-term outcomes.

4. **Implementation/financing sources/monitoring:** In this phase, partners are in regular contact to coordinate implementation, to extend and supplement the working program with new measures, and in some cases to test new approaches. Public relations activities should inform the wider public of the targets, activities, and measures of the partnership. LEP financing should be diversified, partners interested into outcomes should provide certain funds. Part of the funds should be from the public budget, while remaining funds could be from grants or other donations/development funds.
5. **Sustainability/successes:** A comprehensive monitoring system should be used to assess partnership's achievements, determine needed improvements and adapt further planning. A partnership should be evaluated periodically and should publish reports to demonstrate the added value of its work (for more details, see OECD LEED Forum, 2006 p 25-28). It is of crucial importance to assess the **sustainability of the LEP initiatives, or in other words the benefit probability** of the intervention continuing in the long run.

These questions were addressed through the questionnaire, including space for description where respondents find necessary to explain some issue into more details. They were also used for semi-structured interviews with LEP or PES representatives.

The evaluation used a mixed method approach including quantitative and qualitative data collection which offers significant benefits through the synergies created by their complementarity. However, the primary method used is qualitative data collection technique based on questionnaires, semi-structured interviews and focus groups.

Development of National Reports

Prior the analyses, it was important to highlight common principles based on which LEP are created, especially because there is no common framework for its implementation. In general, one can say that the LEPs are responsible for designing, implementation, monitoring and evaluating of employment projects. In particular, partnerships should be able to assess the results and draw the lessons from implemented measures in order to improve employment policies in the future, thus its institutional memory, but also internal capacities are key for its success³. An effective partnership should be able to:

- Agree strategic priorities
- Exert strong leadership
- Demonstrate clear accountability
- Develop effective links and relationships
- Agree and set clear success indicators
- Monitor and report on performance effectively
- Manage and improve performance
- Plan effective delivery

The Employment Partnerships capacity to implement effective employment policies is crucial for its success. Therefore local authorities, employers, employment offices,

³ Instrument for Pre-Accession Assistance (IPA II) 2014-2020 Bosnia and Herzegovina, available at https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/bosnia_and_herzegovina/ipa/2015/20160825-ipa-2014-037663.06-bih-local-integrated-development.pdf

educational institutions and civil society organizations must be capable to implement tasks assigned to them.

It is recommended by the EU that there should be a more active involvement of local authorities in the development measures of their respective communities, which is also reflected under four pillars of the South East Europe Strategy 2020. The aim should be to achieve a consensus among stakeholders on the first-rate solutions for combating unemployment and fostering new jobs. As an example, in BiH, the requirement for participation in the EU grant scheme implemented with ILO, was that employment partnerships should devise and adopt a local employment strategy and action plan for its future activities. In supplementing funds available for active employment policies in Bosnia and Herzegovina, the EU grant scheme aimed to contribute to the objectives and targets of the employment strategies adopted at entity and state levels⁴.

A national report for BiH and 5 short reports are prepared for the other Western Balkans countries.

After the finalization and confirmation of national and regional reports, a peer visit has been organized in B&H whereupon officials from other 5 Western Balkan economies visited the municipalities of Tešanj and Prnjavor, and exchange views and experiences with analysed B&H partnerships.

After the study tour several institutions gave additional inputs for national reports, that were used for development of the reports final versions.

Peer review study tour

Based on the proposals of national institutions and according to the project plan, peer review study tour to Sarajevo, Tešanj and Prnjavor were organized. The program of the peer review, on the first day the meeting, was organized in Sarajevo. The ESAP expert Mr. Srđan Kujundžić, who explained the overall process, held the introductory address of the event. After the introductory speech, ESAP expert, Mr. Ranko Markuš, as well, as other employees from the public employment services of Albania, Kosovo*, Serbia, the Former Yugoslav Republic of Macedonia, and Montenegro presented reports on national LEPs that are seen as examples of good practice in establishment and functioning of local employment partnerships.

On the second and the third day participants visited local employment partnerships in Tešanj and Prnjavor.

The first field visit was organized to the Tešanj Municipality. Municipal Mayor and Speaker of Municipal Parliament explained that the positive business and development outlook of Tešanj position them as the best practice regionally. The Municipality of Tešanj is business oriented and has very close relationship with representatives of the business sector, including partnership with the Association of Entrepreneurs – Business Centre Tešanj, whose president explained some of the important developments within the Municipality. As one of cooperation tools Economic Development Council (local: Savjet za ekonomski razvoj – SLER) has been established.

SLER is a platform to discuss issues of common interest, among business, educational sector and the Municipality. The primary role of SLER is to exchange information on municipal development initiatives and initiate public-private dialogue. It is a continuation of the cooperation policy that started through the establishment of the Municipal VET Council in

⁴ Instrument for Pre-Accession Assistance (IPA II) 2014-2020 Bosnia and Herzegovina

2010. VET Council has been established as an advisory body, based on the Framework Law on VET, with the main purpose to enable labour market stakeholders to influence VET policy.

There are important public-private partnership initiatives in Tešanj. The Secondary Vocational School in cooperation with several employers from Tešanj and neighbouring municipalities established the first dual educational system in the country, revised curriculums in line with employers' needs, but also worked on retraining of unemployed persons, whose chances to find employment significantly increased afterwards.

The group visited one of Tešanj's well established international companies – Mann + Hummel BH. The market value of the company amounts to 68 million BAM. Mann + Hummel BH is subsidiary of a German giant company and is considered to be one of the most successful privatizations in BiH. Manufacturer of filters and components for automotive industry, Mann+ Hummel BH company from Tešanj has been operating positively for years and every year has achieved a growth in production and profit. The company finished the business year 2014 with the profit of 4.08 million BAM.

The second day was concluded with the workshop during which LEP Tešanj was discussed and some recommendations were presented. The results of the visit were summarized and recommendations were discussed. Well-developed areas were highlighted: local action plans for employment, a system of work with people with disabilities, performance agreements etc.

During the third and final day of the study tour, the case study in Prnjavor was presented. Prnjavor LEP has been established through ILO support. The Municipality took over responsibility for the operation of the Council and its formalization through an establishment act. LEP is formed as a municipal permanent working body, within the municipal Business Council (Privredni savjet).

EU provided funds not only for technical support to the Council, but also for the implementation of a project that focuses on the prequalification of job-seekers, and the relation between educational system and business sector. The project has incentivized the Council members to be actively involved into its work, but also to think profoundly on a more efficient organizational way of implementing current and future projects. The project theme in Prnjavor provides a solid base for local cooperation through the development of the partnership aimed at supporting development of vocational education through involvement into the process of provision of recommendations on enrolment plans, curriculum planning and implementation.

There is a lack of profiling methodologies, with a particular focus on identifying and subsequently targeting those most in need of support to gain/maintain their position on the labour market. Therefore the selection of participants should be directly based on individual employment plans, not on their choice on offered opportunities.

After technical presentation of Prnjavor LEP, the group visited a local company, Export City, whose major business activity is manufacturing of upholstered furniture and office chairs.

Transferrable Lessons and Good Practices

The peer review brought a set of transferrable lessons and good practices that will demonstrate mutual learning impact. Key features for success in implementing partnerships at the local level should be defined in the strategies, that consist of a shared common vision, leadership, and commitment of all interested parties.

In order to enable partnerships to take a long-term view on local issues and problems and contribute fully to better policy outcomes, however, a solid, sustainable financial basis for operation is a key. LEPs financing has been brought up during every meeting, therefore that will be our key transferable lesson.

Our proposal is that financial contribution to LEP employment solutions should come from all involved parties, first of all from PES and local communities, that are already allocating funds for employment measures. Co-financing of active labour market programmes or measures should be envisaged under local employment action plans and be based on clearly defined rules and procedures. PES co-financing should be approved for labour market programmes or measures that are priority for that organization (e.g. public works, professional practice, acquisition of practical knowledge programme, self-employment subsidy, etc.). The Municipality can implement independently any priority measure on its own.

In order for national LEPs to be eligible to apply for PES co-financing, they should meet some criteria:

- 1) To be officially established within municipal administration, but not to become an annex to the administrative apparatus;
- 2) To adopt municipal strategy and local employment plan, as all activities must be part of the strategic picture;
- 3) To ensure 50% funding for the programme or measure in question.

Additionally, PES could provide professional and technical support to the implementation of active labour market programmes or measures that are funded entirely from the municipal budgets.

Recommendations and Proposals for Follow-up Actions

Several factors militate against the successful progression of the local partnerships in the Western Balkans region:

- The spirit and purpose of partnerships have not been agreed with sufficient clarity. Central government and, in several instances, some of the local partner organisations, prioritise the achievement of task objectives (e.g. implementation of certain activity); others see the primary function of the partnerships in process objectives (e.g. public-private dialogue). Lack of clarity with regard to functions has caused confusion within partnerships, which decrease its importance.
- The manner in which partnerships are structured is not always conducive to the implementation of their function. Some partnerships are strongly linked with particular partners (e.g. municipalities), while those partners are making partnership as extension of the bureaucratic system.
- Participation of the marginalised groups is nominal.
- Partnerships have not been provided with sufficient resources. Limited time, and resources have been put into the process of building partnerships as practical outcomes such as training programmes and employment schemes were given precedence over process objectives.

- Monitoring, evaluating and reporting requirements have tended to push the partnerships in the direction of attaining short-term, mainly task oriented results, regardless of means.

Based on the peer review analyses, study tour and workshops, we can propose the following recommendations for different groups of actors:

General recommendations:

1. LEP should be a platform for the exchange of opinions and trust building, testing different approaches in solving local unemployment problems, and at the same time for sharing responsibilities between all levels of government.
2. LEP should work on innovative measures development to support ALMPs that will effectively respond to the needs of the target groups and their particular barriers. LEPs should essentially be experimental and designed to test out new ways of dealing with the endemic problem of unemployment, where each local community has freedom to introduce innovation into resolving this important issue.
3. Strategic approach is helping to mobilize all available resources (ministries, PES, municipalities) in favour of an integrated strategy accepted by all parties concerned, based on their real needs and expressed in a formal commitment. That will help not only fundraising, but improve the integration and co-ordination of job creation measures. Without bigger picture, institutional ownership and dissemination, LEP efforts remain isolated efforts without major impacts on wider employment outlooks.

For municipalities:

1. Municipalities should take a leading role in LEP creation and its operation.
2. The aim of LEP should be to establish local ownership in designing solutions to unemployment (by identifying difficulties, and future prospects facing each of the territorial players with responsibility for employment), launching schemes, which can serve as an example, and encouraging/institutionalizing widespread regional or local partnerships.
3. It is necessary for municipalities to take responsibility for local employment policy. In order for this to be effective, it is of crucial importance to develop capacities of its members and coordinator of the LEP.
4. It is important to continue capacity building and municipal participation into development of Local Employment Plans, as unemployment is not a problem that should be addressed only by higher levels of government.

For public employment services:

1. There is lack of profiling methodologies, with a particular focus on identifying and subsequently targeting those most in need of support to gain/maintain their position on the labour market. Therefore selection of participants should be directly based on individual employment plans, not on their choice on offered opportunities.
2. PES should be encouraged to move from a massive employer-centred and expenditure-driven ALMP implementation system, towards fewer well selected participants matched to tailor-made ALMPs. The selection should be based on individual counselling, while measures identified in the individual employment plans. This will for sure slow down the implementation of activities in terms of volume, but

at the same side PES would keep an important role on the labour market and effects would be greater in terms of final results on the target groups.

3. PES should take a leading role within monitoring, evaluation and reporting procedures, as it has well-developed capacities for monitoring and evaluation. Still, taking into account that local communities are key actors within strategic planning processes, their capacities needs to be further developed.

For international donors:

1. In the Western Balkans, there are several typical donor-driven LEP creating methodologies, that bring understanding and knowledge related to the policy measure, but do not guarantee sustainability or ownership. LEP should not be seen as a temporary project-based activity. It has an important role to strategically identify problems, needs and opportunities of local labour markets, determine how employment policy needs to improve and achieve social cohesion through combination of approaches.
2. Donors have a major responsibility not to disturb institutional processes, and therefore should be guided by national authorities and national strategies.
3. Donors should intervene in a systemic pattern, but in order to make it possible, host countries should adopt adequate government policies regulating and promoting the LEP approach.

List of abbreviations

ALMP – Active Labour Market Policy

BiH – Bosnia and Herzegovina

ESAP – Employment and Social Affairs Platform

EU – European Union

FBiH – Federation of Bosnia and Herzegovina

LEP – Local Employment Partnership

OECD – Organisation for Economic Co-operation and Development

RS – Republika Srpska

Bibliography

Giguère, S. and F. Froy (2009), *Flexible Policy for More and Better Jobs*, OECD Publishing, Paris

OECD LEED Forum on Partnerships and Local Governance,
<https://www.oecd.org/cfe/leed/45204556.pdf>