

# Country Evaluation Report: PES Kosovo<sup>\*</sup>

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## Abbreviations

EARK	Employment Office of Republic of Kosovo*
EMIS	Employment Management Information System
EO	Employment Office
LFS	Labour Force Survey
MLSW	Ministry of Labour and Social Welfare
VTC	Vocational Training Centres

## 1. INTRODUCTION

### 1.1. Site visit in Kosovo\*

Site visit took place in period 20-22 December 2017, evaluation team consisted of local expert, representative from RCC and 4 peer experts - three from PES Albania and one from PES Macedonia. The first day was held in Prishtina: General Director was present in the introductory meeting, accompanied by coordinator for the self-assessment report and representatives of the Central Office of the Employment Agency (Department of Labour market; Department for Vocational Training; and Department for Finance and General Services). On the second day of the site visit, evaluator visited Employment Office (EO) in Mitrovica and Vocational Training Centre (VTC) in Prizren, where the team met with heads of EO and VTC, employment counsellors and trainers of VTC. On the third day, preliminary findings were presented to the General Director, coordinator of self-assessment and representatives of EARK Central Office.

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\* 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

## 1.2. Institutional features of the PES and their main functions

As defined by Law No. 05/L – 077 for Employment Agency of Republic of Kosovo (EARK), the Agency is an independent body within Ministry of Labour and Social Welfare, which aims to manage the labour market and provide employment services and vocational training. According to the Law, MLSW is responsible for developing employment and vocational training policies, it approves the Annual Program of the Agency, it approves the budget of the Agency and submits it to the government, it is responsible for monitoring implementation of employment and vocational training policies and it can propose measures for improvement.

Organisational structure of Employment Agency consists of Central Office of the Agency; Employment Offices (EO); Vocational Training Centres (VTC); and General Director. Currently, Central office employs 20 staff (19 remaining positions are planned to be filled in the course of 2018), it has 33 EOs and 7 VTCs that provide trainings in 30 professions.

Employment Agency has a separate budget line within the budget of the MLSW. Due to the limited budget, implementation of the Active Labour Market Programs (ALMPs) is mainly done with the support of donors (with the exception of VTCs with a relatively stable budget). In 2015 and 2016, government spending on other ALMPs (in addition to vocational training at VTCs) was about 1.8 million Euros, while in 2017 this budget reached about 2.1 million Euros.<sup>†</sup> As a result of limited fiscal space, in 2016, only 2.7 percent of the registered unemployed participated in other ALMPs (apart from vocational VTC training). The budget for VTCs is rather stable, ranging between 772,468 in 2013 to 843,499 Euros in 2015. There is a centralization of procurement and budget for PES, and so far there is no linkage of budget allocation to the local labour market indicators (unemployment, rate, number of employers, or the number of registered jobseekers). There is no budget available to local PES, which could be utilised to implement some types of ALMPs.

Duties and responsibilities of the Employment Offices are registration; provision of information and counselling services to the unemployed and jobseekers; career orientation and lifelong learning; identification of job vacancies and mediation of persons in employment and orientation to training programs or other active measures and programs; implementation of tasks and active labour market measures. PES is not responsible for payment of social benefits but it issues a statement/declaration of unemployment for applicants and recipients of Social Assistance Scheme Category<sup>2‡</sup>. Kosovo\* does not have unemployment benefit scheme.

Employment counsellors at PES provide all services to all types of employment services. This integrated model was introduced in 2016, developed with the support of UNDP. Depending on the channel of registration, there are two categories of jobseekers: a) registered jobseekers, who have registered in online platform of the Agency (apr.krs.gov.net) and who can use only services available online; and b)

<sup>†</sup> The allocated budget for ALMPs during 2014-2016 was approximately the same, about 1.8 million Euros, but in 2014 the expenditures incurred for this purpose were lower.

<sup>‡</sup> Family with one member capable of work and registered with the Employment Office, with at least one child less than 5 years old or taking permanent care of an orphan less than 15 years old with all other dependants.

registered unemployed-unemployed persons that have visited EOs to seek for a job and to receive other services. Registered jobseekers can use all services available at the online platform while registered unemployed persons have full access to all services provided by EOs. Duties and responsibilities of Vocational Training Centres include: provision of vocational training; assessment and certification of candidates; recognition of prior learning; monitoring of other training providers that develop trainings in agreement with the agency, assessment and certification of candidates; and preparation of individual training plan for the candidate who carry out practice at workplace (as part of the training program, offered jointly with VTCs and enterprises) in companies as well as monitoring, evaluation and certification.

## 2. CONTEXT

Albeit sustainable economic growth, Kosovo\* labour market is characterised with the high rate of inactivity, low rate of employment and high rate of unemployment. Data from Labour Force Survey (LFS) reveal that in 2016, the labour force participation rate was only 38.7 percent, whilst employment rate was only 28 percent. Despite low activity rate, the unemployment rate in 2016 was 27.5%, two-thirds of which were long-term unemployed. According to 2016 LFS, the total number of unemployed persons was 126,070, slightly higher than the number of registered unemployed persons at PES, recorded at 112,179 persons.

**Table 1: Labour market indicators, 2016-2016 (persons aged 15-64)**

	2012	2013	2014	2015	2016
Labour force participation rate	36.9	40.5	41.6	37.6	38.7
Employment-to-population ratio (employment rate)	25.5	28.4	26.9	25.2	28.0
Unemployment rate	30.9	30.0	35.3	32.9	27.5

Source: Kosovo\* Agency of Statistics, 2017: <http://askdata.rks-gov.net>

Gender differences in the labour market are stark: less than one-fifth of women are active in the labour market, compared to one-third of men. Evidence has found that main barriers to women activation in the labour market are family responsibilities, lack of affordable childcare services, low level of education and occupational segregation by gender. The gender gap in employment is deep: only 12.7% of women are employed as opposed to 43% of men. Similarly, 31.8% of active women are unemployed, compared to 26.2% of men.

The unemployment rate is very high among youth (aged 15-24 years): in 2016, 52.4% of youth were unemployed. Another striking feature of Kosovo\* youth is the extremely high share of youth who are neither employed nor in education or training (NEET), calculated at 30.1% in 2016.

Although LFS report does not disclose information by ethnicity, other sources indicate that unemployment rate among Roma, Ashkali and Balkan Egyptian communities is significantly higher than the country rate. Moreover, members of these communities mainly hold short-term, manual, low skilled and low paid jobs.

## 2.1. Main challenges of Kosovo\* PES

Main challenges of Kosovo\* PES are:

- Large number of registered unemployed persons;
- Small number of vacancies/jobs available;
- Low level of education of unemployed persons (nearly two thirds have less than secondary education);
- High unemployed-to- counsellors ratio: 1,000 per 1 counsellor;
- Aged employment counsellors;
- Low coverage of unemployed with ALMPs, primarily due to limited budget for ALMPs; and
- Lack of regular labour demand assessment studies.

## 3. STRENGTHS AND WEAKNESSES

### 3.1 Strengths

Based on self-assessment and external assessment, main strengths of Kosovo\* PES are presented below.

- EARK has well-defined processes and methodologies, in **setting objectives and translating those into targets and key performance indicators**. Indicators are specific, realistic and measurable, also at the local level, for each EO. Employment Management Information System (EMIS) enables continuous follow-up of the performance of each EO, which makes possible to measure the degree of achievement of targets set, at any point of time;
- EARK has clearly defined **processes and standardisation**. These are clearly defined in the Operational Manual for Employment Services, in Regulation for ALMPs and in operational manuals for each ALMP provided by EOs;
- EARK operates a **supporting structure, facilitating and** informing implementation of processes. ICT infrastructure continuously supports the implementation of standardised processes. EMIS has been continuously developed and it is considered as one of the key strengths of the EARK infrastructure;

- EARK bases the assessment of an individual's employment potential (**profiling**) on a holistic approach. Besides basic information for unemployed persons, profiling also includes an assessment of the full spectrum of competencies/skills, interests and motivation of the jobseekers. All collected data are entered into the EMIS, which then performs segmentation of unemployed into three groups: 1) The group with low risk of being long-term unemployed; 2) the group with medium risk of becoming long-term unemployed; and 3) the group with high risk to become long-term unemployed. **Transitions** from one to another group, takes place based on changes in the profile of unemployed persons;
- Regulation for ALMPs and operational manuals for each ALMP, criteria, target groups and conditions for the provision of each ALMP are specifically and clearly defined;
- EARK applies the principle of **early interventions to minimise unemployment duration**, by prioritising support for unemployed persons belonging to groups with the highest risk of becoming long-term unemployed. Once unemployed persons show up at the EO, they have access to intermediation service and can participate in vocational training provided by VTCs. Access to ALMPs takes place 6 months after the registration at EOs;
- EARK has implemented **pilot projects**, which were assessed and when found effective, they were implemented at a larger scale;
- EMIS enables **automatic matching between unemployed and vacancies**. EOs, for each unemployed person, maintain proof of their education and training, which represents an important component to ensure credibility towards employers. To support intermediation process, employers can and do use EO premises to meet unemployed persons and for interviews.

### 3.2 Weaknesses

- Due to legal constraints, EARK does not apply a system for **financial incentives**. EARK does not either apply non-financial incentives. Moreover, there is no internal benchmarking across EOs, which would support further improvement of service provision;
- **Quality assurance** is recognised as one of the least developed enablers of Kosovo\* PES. There is no system or guideline for quality assurance;
- Currently, EARK provides services through **two channels**: direct contact (eye to eye) and through the internet-EARK webpage. EARK does not operate a system to monitor and measure the effectiveness of multi-channel service provision;
- Although the unemployed are segmented into three groups, based on the risk level of becoming long-term unemployed, there is no specification of timing until and between visits to EARK (except the criteria of showing up every 3<sup>rd</sup> month, linked to criteria for benefiting from social assistance);

- There is no system in place that would ensure **appropriate distribution of ALMPs** in all EOs. Partially, this is due to limited budget for ALMPs and also driven by donors that support the provision of ALMPs;
- There is no set timing in developing **Individual Employment Plan** and no assessment of the contribution of the Plan towards employment;
- Employers are key partners of EARK, but there is not specific **Strategy for employers**. However, in strategic documents, enhancing cooperation is one of the specific objectives. Moreover, EARK sets up performance indicators aiming to increase cooperation with employers, which is being monitored regularly;
- EMIS enables **matching between vacancies and unemployed persons**. Currently, the system does not list unemployed (matching the vacancy requirements) according to their risk of becoming long-term unemployed (EARK is in the process of addressing this aspect). Based on discussions with the employment counsellor, we learned that each counsellor, first, selects unemployed persons from his/her own portfolio, instead of selecting the most qualified from the respective EOs. This selection approach can impact chances for successful intermediation but it may as well lead to lower employer satisfaction;
- EARK acknowledges the importance of **ex-ante and ex-post evaluation** and it is planning to improve this enabler. Currently, there is no system or methodology in place for assessing the impact and sustainability of ALMPs. However, evaluations have been undertaken in the past, though on an ad-hoc basis and mainly sponsored by donors. At the end of year 2017, a tracer study of VTC trainees has been implemented to identify which methodology, if proved reliable, may become an integral part of EARK;
  - There is no methodology for **evaluating pilot projects** which would be applied in all pilot projects, adjusted to the specificities of piloted projects;
- Although EOs and VTCs identify their partners, partnership building is centralised and is not mandated to local EOs and VTCs;
- EARK **monitors and manages agreements** for joint projects with institutions and donors. However, there is no system in place for monitoring and managing partnerships of a general nature (for example, partnerships with Chambers of Commerce, Sectoral Associations etc.);
- At EARK, budgeting is centralised, including the budget for operating costs. EOs do not have their own budget to be utilised autonomously by local EOs. As stated above, until now, there was no system to ensure equal distribution of ALMP budget across EOs.

#### 4. POTENTIAL GOOD PRACTICES

- **Performance management through EMIS:** The EMIS is a well-developed system, which among others supports electronic management of performance. This is performed through the inclusion of performance indicators for each EO with the possibility to be tailored for each employment counsellor (planned to be undertaken in the future). To ensure adequacy in data entry in each field, EMIS provides clear instructions on questions and information to be collected from unemployed and employers;
- **Annual Work Plan** at central level (EARK) and local level (EO and VTC) is considered a good practice towards meeting objectives of PES;
- **Close cooperation between EOs and VTCs:** unemployed persons are instructed and advised to participate in training available at VTCs, in accordance with their needs and interests. For VTCs, this cooperation provides an important source of information on labour market needs, which in turn contributes to better alignment of training offer with labour market demand;
- **Accreditation of VTCs, development of occupational standards and training material, and certification of trainees** are considered as very important practices in quality assurance, which in turn contributes to employment prospects of the unemployed;
- **Provision of combined training in VTCs and enterprises, under the supervision of VTC' trainees,** represents another good practice. This mode of training ensures training in line with labour market needs, enables access to up-to-date machinery and equipment and can also promote employment of trainees;
- **Infrastructure model of EOs** is considered as an important aspect, as it can contribute to improving the image and access to these offices. Offices are well equipped, friendly and have open space for self-service;
- **Cooperation and support from donors** has been found to be important and oriented towards needs of EARK, and not utilised for technical assistance only;
- **Internal training system** (for newly hired and existing staff) is a good practice which supports quality service provision; and
- **Personal file of unemployed persons:** collection of diplomas/certificates and other documentation for unemployed persons is a good practice, as it contributes to enhanced credibility and accuracy towards employers.

#### 5. RECOMMENDATIONS

Based on the information presented in self-assessment report and discussions during visits of external evaluators with representatives from Employment Agency, EARK is considered to have strong points in an area of performance strategic management, set up of standardisation process and profiling. However, there is scope for advancing implementation of ALMP, quality management and evaluation of ALMPs. These areas, particularly the area of quality management, have been recognised as the key area

in self-assessment report, as important areas to ensure rational use of budget and improvement of employment results.

Some of the listed recommendations, are outside of the EARK control but are important to increase the performance of key indicators.

### **5.1. Short-term and relatively less costly**

#### **A2: Translation of targets into (key) performance indicators and measurement**

1. To develop a document explaining the applied methodology for setting key performance indicators for each EO.

#### **A3: Following up performance measurement:**

2. Disseminate results of performance measurement in a fixed and easily understood format and in accordance with an agreed time interval;
3. Results of performance measurement to be used for review of targets set; and
4. Set up of an internal 'benchlearning' system to transfer best practices and to serve as a motivation mechanism;

#### **C3: Individual action plan and ALMP measures**

5. To analyse the impact of Individual Employment Plans in employment and professional development of unemployed persons.

#### **D1: Employer strategy and management**

6. To consider the relevance and the need in designing a specific Strategy for Employers.

#### **D3: Matching vacancies and jobseekers**

7. To increase chances for employment, in the process of intermediation, it should be ensured that each employment counsellor selects jobseekers with best matching characteristics to opened vacancy (with priority given to those with the highest risk of becoming long-term unemployed), instead of putting priority to "counsellors' jobseekers". During discussions with PES representatives, it was emphasised that this practice is aligned with the performance management system in place: performance of each employment advisor is being measured, hence, they are motivated to increase intermediation of their own clients. In case they intermediate a vacancy to their colleagues, this will be recorded under their own records.

#### **E2: Pilot projects**

8. To develop a methodology and template for evaluating/assessing pilot projects.



## **5.2. Short-term, more resource intensive**

### **B4: Channel management and blended services**

9. Develop a strategy for monitoring and evaluating user friendliness, effectiveness as well as efficiency of different channels.

## **5.3. Long-term, but relatively less costly**

### **C5: Early engagement to reduce the duration of unemployment and implementation of Youth Guarantee**

10. As explained in the self-assessment template, the first visit after registration is at least 3 months after. To minimise the duration of unemployment and to avoid long-term unemployment, service provision to jobseekers should start as early as possible, after registering at EOs. Therefore, it is essential to set a clear definition of the maximum number of days between registration and the first contact/interview with the employment counsellor and the agreement of an individual action plan.

## **5.4. Long-term and costly but important**

### **B3: *Quality management***

11. To set up a quality management system based on a systematic approach and with focus on processes; and
12. Capacity building of staff in implementing the designed quality management system.

### **E1: Ex-ante and ex-post evaluation**

13. Develop a system to trace, assess the impact and sustainability of ALMPs;
14. To identify channels and ways to increase the clients' response rate in measuring satisfaction with provided services;
15. To undertake regular studies to assess satisfaction of clients with provided services.

### **G2: Budget allocation and use**

16. Set up criteria/pointing system for evaluating the application for ALMPs, by taking into account needs and potential of each EO;
17. Set up a calendar\* for ALMP calls; and
18. Ensure equal distribution of budget for ALMPs in all EOs, according to their requests and local needs. This can be achieved through regular calls for ALMPs and implementation of pointing system recommended above.

## **5.5. Related to institutional framework conditions**

### **A4: Making use of the results of performance management**

19. Analyse possibility to set up a financial and/or non-financial incentive system based on performance results to foster further improvement.

### **F2: Partnership building**

20. To provide autonomy to EOs and VTCs for establishing local partnerships. To ensure quality and effectiveness of built partnerships, Central Office of EARK should develop a guideline and template for cooperation agreements and set up procedures to manage and monitor partnership agreements.

### **G2: Budget allocation and use**

21. Financial decentralisation for EOs, to cover operational costs and implementation of some ALMPs.