

Country Evaluation Report: PES Serbia

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1. INTRODUCTION

The site visit to Serbia was held between 18 and 20 December and included a visit of the PES head office and the branch in the city of Belgrade. The meetings were attended by top management on the level of Deputy Directors at head office level (N. Milanovic, M Djuretanovic and D. Radulovic), Branch Deputy Director for the city of Belgrade (S. Knezevic) and members of internal evaluation team. Thanks to the engagement and dedication of the internal evaluators and PES management, the self-assessment questionnaire was filled in at a high level of quality and detail. The External evaluation team consisted of two experts of RCC (V. Ivosevic and S. Kujundzic), national experts for Montenegro (M.Mirkovic) and Serbia (D. Djukic) as well as eight peer evaluators and representatives of the PES of Bosnia and Herzegovina and Montenegro.

PES Serbia was founded as a legal entity with the status of organisation of compulsory social insurance and with a high level of autonomy. In accordance with the law, the sources of PES revenue include compulsory unemployment insurance contributions, the central budget, capital investment, domestic and foreign loans, grants, donations and legacies and other sources.

The Ministry in charge of employment policy (Minister, thereof) supervises the legality of the PES work and the Board (Steering Committee) manages the PES work. The Board members along with its president (7 in total) are appointed and dismissed by the Government. The Board members also include trade unions and employers' representatives appointed by the Social-Economic Council. Other members are appointed by the Minister. The Board decides on business activities and the use of PES funds (adopts the statute and general acts, annual working plan etc.). PES director manages the work and organises business in accordance with the Board's decisions.

At the state level, the Employment Strategy and the National Action Employment Plan (which is annually adopted) are key documents that define the objectives of the employment policy and measures on how to implement it. In this regard, the PES Serbia can not independently decide on the measures of active employment policy.

The staff members in PES headquarters, along with the ministry staff, actively participate in the preparation of the National Action Plan. They can influence the Plan's contents including ALMPs that are being planned. The Performance Agreement concluded between the Minister and the PES director determines the PES performance goals and monitoring the effectiveness of implementing ALMPs defined in the National Action Employment Plan. The process of adopting the Performance Agreement is not one-way, but rather a dialogue between the Ministry and the PES.

The Government approves the annual Work Programmes and the National Assembly adopts the financial plan. The PES branches participate in determining measures and finances for their realisation by expressing their opinion during the elaboration of the annual Work Program. The PES annual Work program is an operational document and is in line with National Action Employment Plan.

The revenue from unemployment insurance contributions for 2017 was sufficient to finance all PES activities (this was not possible before): ALMPs, unemployment benefits and operational costs.

Before, the allocation of funds was decided by the Government. Now, the revenue coming from unemployment insurance contributions enables a higher level of financial autonomy and contributes to easier management of funds, because all decisions regarding potential allocation of funds can be made internally. The possibility to finance all obligations from contributions is a consequence of economic growth, stronger financial discipline in paying contributions, and a reduction in the number of unemployment benefit recipients.

In accordance with the Law on Employment and Insurance in Case of Unemployment, the PES offers services such as job matching, professional orientation and career planning, active and passive measures (unemployment benefit) and issuing work permits. The unemployed person can receive unemployment benefit for a period of 3-12 months depending on the duration of the contribution period. Unemployed persons who have up to two years until retirement can receive unemployment benefits for up to 24 months.

The PES Serbia offers a wide range of ALMPs and services: a) active job seeking; b) additional education and trainings; c) subsidised employment including public works and d) support for self-employment including subsidies. A subsidy for hiring new employees and the subsidy for self-employment is *de minimis* aid which is approved in one-time amount.

Along with the above-mentioned programs and measures, the PES also offers special measures for persons with disabilities. Since 2010, these measures have been financed from a special budgetary fund.

2. CONTEXT

Given the positive trends in the labour market (a reduction in the number of unemployed, an increase in the outflow from the register, employment policy and PES capacities), it can be said that the general institutional framework is encouraging for the further development of the PES. On the other hand, the scope of economic policy and institutional reforms is not sufficient to significantly reduce labour market challenges (i.e. long-term unemployment). There is a need for further building of internal capacities and raising the quality of services.

Four organizational levels can be distinguished in the PES structure. The first level is the head office, the second one are two provincial services (coordinate the work of branches on the territory of province authorized by PES director), third one are the branches (32) that mainly cover one county and within the branches are the services (13) and field offices (124) and offices (8) as the smallest organizational units. Bigger organizational units such as branches, offer the full range of PES services

and measures while smaller organizational units only offer a limited range. For example, in field offices, the staff consists of employment counsellors and clerks who are responsible for recording, informing, job-matching and employment counselling, whereas the smallest organisational units (offices) mostly employ only one person who is responsible for recording and providing information. This ensures that unemployed persons have access to basic services in their place of residence.

In total, 180 organisational units employ 1633 persons, and 233 out of them are employed at the Head Office and provincial services. In 2016, there were 437 unemployed persons per a PES staff member. When excluding staff at the Head office and provincial services, the average caseload was 506 or 937 if considering frontline staff only (employment advisors and record officers). There are also other client-oriented counsellors responsible for professional orientation, legal aid and unemployment benefit, entrepreneurship development, subsidized employment and training, and administrative clerks etc. Caseload varies considerably across the service units. In comparison to other EU PES, the client-to-employee ratio in PES Serbia is roughly three times higher. The average client-to-employee ratio in the EU PES is 140:1 and 135:1 when excluding staff responsible for paying unemployment benefits¹.

Objectively speaking, if there is no sufficient human resources for redistribution of employees on job position of employment advisor in majority of branches.

According to World Bank, integrating two or more branches into one would not increase the efficiency and effectiveness of the PES work².

The recent positive improvements in the labour market do not significantly reduce the average duration of unemployment and share of sensitive groups in total unemployment. The total budget for ALMPs is quite modest in comparison with the real needs of unemployed persons and annually covers roughly 20-25% of unemployed persons, including the measures of non-financial support. The programmes of additional education and training and subsidised employment and self-employment are available for less than 10% of unemployed persons.

According to the Labour Force Survey, in 2016, the total number of formally employed persons was 2.120.200 (5.8% higher than in 2014), out of whom 10% were formally employed in agriculture. According to the SORS report, the total number of registered employed persons in 2016 was 2.009.785, of whom 79.5% were employees, 16.1% were entrepreneurs and self-employed and 4.4% were individual agricultural labourers. In comparison with 2015, the number of formally employed people increased by 1% (2016)³.

According to the LFS, in 2016, one in five employed persons worked informally (22%). Most of them are employed in agriculture due to seasonal works. Self-employed people without employees

¹ICON Institut, *Assessment Report on PES Capacity*, European Commission, Brussels, 2016

² Serbia Funcional Review: Efficiency Analysis of the National Employment Service- Technical Report, Institute for Advances Studies, Vienna, Svetska Banka / Evropska komisija, 2016

³Statistical Office of the Republic of Serbia (SORS), Registered employment 2000-2016

(41.0%) and people supporting members in family business (36.4%) were the largest groups in informal employment.

A relatively high share of informal employment has the negative effect on PES, due to the loss of revenues on unemployment insurance contributions and also due to the fact that employers hiring informal workers are less likely to use PES job-matching services.

In 2014-2016, the number of unemployed people (LFS) declined from 613.004 to 489.400 (20.2%) and the number of registered unemployed declined from 767.434 to 713.154 (7.1%). Note that the right to use the basic health protection services is not conditioned by the registration as unemployed, but for certain benefits such as child benefit a person is obliged to register with the PES which increases the number of registered unemployed.

The reduction in registered unemployment by 4% (31068 persons) in 2010-2016 was followed by a substantial increase in outflow from unemployment to employment. The number of those who transited to employment increased by as much as 89%. The increase in the number of employed can primarily be explained by greater demand in the labour market but also because more people were now ready to accept flexible forms of work, including temporary and part-time jobs and other types of so-called uncertain jobs.

The number of reported vacancies (linked to a request for the job matching services of the PES) declined by more than 30% between 2010 and 2014. As a result of more intense direct contacts with employees and a larger allocation of funds to active measures (in comparison with 2013 and 2014), the situation significantly improved since. In 2015/2016, there were 72.390/71.692 reported vacancies which represents a growth of 71.1% compared to 2014 (42.281). A significant decrease in funds allocated to ALMPs in 2013 and 2014 was not a consequence of a decrease in the number of PES service users but of redirecting part of the funds to social protection.

The *disparities between regions* with the highest and lowest employment rates have been reduced in previous period. According to the LFS in 2014, the difference between the regions with the highest employment rate (Sumadija and Western Serbia) and the lowest employment rate (Southern and Eastern Serbia) was 5.7 percent points, while in 2016, this difference was 3.6 percent points. Regional cohesion measured by the coefficient of variation between regions for employment rate of the working-age population (15-64) reduced from 2.57 in 2014 to 1.60 in 2016, however, within-region variation remained significant⁴.

In areas with a lower employment rate, there is a higher risk for unemployed persons to become long-term unemployed and there is less chance to be employed with PES support. Thus, the above-mentioned differences have an impact on PES work.

Long-term unemployment may also represent the biggest challenge to PES, especially when it comes to the problem of obsolescence of the knowledge and loss of motivation for active job seeking along the unemployment spell. Despite the reduction in the long-term unemployment rate from 12.8% in 2014 to 9.9% in 2016, the share of long-term unemployed persons in the total number of

⁴Data of Team for social inclusion and poverty reduction (SIPRU) and the Labour Force Survey (LFS)

unemployed persons is still high and stands at 65.1% (LFS). Registered unemployment follows a similar trend.

Youth unemployment represents severe long-term challenge for employment policy and for further development of employment incentives. The NEET rate among youth aged 15-29 is as high as 22,3% (LFS) and they require a special kind of advisory activities. Although there have been positive movements in labour market, the position of the youth is still unsatisfactory. The ratio of youth unemployment rate to general unemployment rate is still unfavorable 2.3:1, this is to a large extent due to a mismatch between education system and enrolment policy and labour market needs as well as due to early school leaving. One third of over 130.000 young persons aged 15-24 who are NEETs have completed elementary school only.

Older workers (aged over 54 years) can also be classified as hard-to-employ. Beside lower employment and activity rates than the overall population, less favourable position of elderly in the labour market is determined by lower level of education compared to the youth as well as obsolescence of the qualifications or skills which reduces the possibilities for finding and retention of existing jobs. 40% of those who are older than 50 years and are registered with the PES do not have secondary education.

With the introduction of mandatory employment (2009) of certain number of *persons with disabilities* depending on the size of enterprise, the position of this category in labour market has ameliorated. However, a good part of employers, instead of employing new workers, send their employees to work capabilities assessment and in such a way fulfil legal obligation or they pay the amounts defined by the law to budgetary fund for persons with disabilities as the best alternative. Thus, the outflow from unemployment register has decreased and the number of persons with disabilities has increased between 2010 and 2015 with a slight decrease in 2016 (by 0.8%).

Roma represent one of the most vulnerable categories in the labour market. According to the population census of 2011, 20% of Roma who are older than 15 are without any education, 34% do not have primary education and 33% have only primary education as the highest educational level. Therefore, approximately 87% of the Roma is functionally illiterate or without professional qualifications. Circa 26000 Roma (circa 14% more in 2016 compared to 2015) are registered with the PES and many of them are illiterate or have completed elementary school only.

3. STRENGTHS AND WEAKNESSES

Generally speaking, the PES has high potential and further development perspectives. The weaknesses outlined in this report should be considered as areas with more potential for improvement. The self-assessment questionnaire analysis refers to conclusion that areas with higher and lower level of development are quite well perceived when compared to the ideal scenario.

The following key strengths in the work of PES Serbia can be outlined:

- The utilization of human resources (ratio of administrative to-operative staff, motivation of the staff who works with clients with wide range of services, high level of workload of staff).

Among 9 EU PES that do not administer unemployment benefits, PES Serbia has the highest client-to-staff ratio. Among 14 PES that do administer unemployment benefits, only Spain has the level of staff workload similar to that in Serbia⁵. Whereas the level of outsourcing in EU PES is far greater⁶.

- By introducing the ISO-9001 quality system, all business processes and functions have been standardised and divided into managerial, key operation processes and support functions on central, provincial and local level - one of the key bases for a uniform quality of services throughout the country. There is a process map and a book of procedures for each activity and service with clearly defined steps, tasks, roles and responsibilities of employees, which enables high level of service standardization on the level of different organizational units and, therefore, the differences in rendering the same services at the level of various organizational units were brought down to a minimum. Basically, the system is flexible compared to disparities in the majority of organizational units. Services and programmes are in accordance with local action plans that articulate local labour market specificities.
- The linkage of documents that assign the area of employment policy and performance-based agreement creation on the basis of them along with the dialogue between organizational levels (ministry-headquarters-branches). National level strategic documents such as Employment Strategy 2011-2020 and the *Employment and Social Reform Programme (ESRP)* in the EU Integration Process define long-term objectives in the employment area and the National Employment Action Plan defines the ALMPs, objectives to be achieved annually and service-packages for particular categories of hard-to-employ persons such as persons with disabilities, long-term unemployed and youth. *National Employment Action Plan* represents the foundation for arranging and signing the Performance Agreement with the Minister. Performance based agreement defines ten different measurable objectives. Its implementation is monitored throughout the year. In the process of performance-based contract agreement, in a “top to bottom” dialogue branch directors can influence the final version of the agreement for the level of branch they manage.
- Local employment action plans that function as an instrument for decentralization for almost a decade. In accordance with the Law on Employment and Insurance in Case of Employment, the competent authority of territorial autonomy or local government, considering the opinion of Province or Local Employment Council, adopts action employment plans that must be in accordance with the National Employment Action Plan. Depending on the level of development, municipalities can apply to the national budget for co-financing ALMPs. This had positive impact on employment policy decentralization and higher participation of local actors in creation and implementation of measures.

⁵ICON Institut, Assessment Report on PES Capacity, European Commission, Brussels, 2016

⁶Note: comparison with EU is given because the limit of workload is significantly above the upper limit for individual work with clients of good quality in EU and especially with hard-to-employ so in that sense the utilization of human resources can be considered as strength.

- PES has a well developed and powerful ICT system. ICT system has been gradually developed to the level where central server and appropriate databases enable fast transfer and data storage from the most remote places in Serbia enabling greater stability and potential for data analyses at national, provincial and local level. In addition to integrating the system on the whole territory of Serbia, there is also adequate computer support for all business processes and functions that link with other institutions such as Central Registry with the database of payers of social contributions, tax administration, Business Register Agency etc. Depending on type and need of work they perform, all staff members have access to these data. IT experts team manages the development of ICT system in away that it enables full participation of employees in key operational functions as well as other employees. System re-engineering is carried out along with the needs for technical support that can relate to new business processes or the changes in existing solutions. The needs are defined by staff in specific business processes and the IT experts perform the changes in informational system and, depending on the level of complexity, they do it independently or in cooperation with the business entity which has designed the system. The changes are performed quite quickly and, in such away, they enable adequate support in business processes and services. ICT system covers working processes with more than 15 subsystem elements such as keeping records, databases with information on employers, monetary compensation system administration or ALMPs. There is also a system of self-service stations at branches and within local governments where unemployed persons can print certain certificates or review the vacancies offered on the PES portal. Having in mind that the employers do not have the obligation to report on a vacancy unless they seek PES job matching services, it is important that the employers can use the variety of channels and media. In that sense, the PES portal with more than 15 parameters for automatic matching of vacancies (that employers can post independently) with job seekers (who do not need to be registered in order to use the portal and the “bank” of CVs) *provides a good basis for further development of multichannel and online services* for employers and unemployed persons. There is also intranet system which enables internal communication and management of business processes.

- There are divisions that address different needs of certain client groups. There is specialised staff to serve persons with disabilities and a special service package and ALMPs that are financed by budgetary fund for professional rehabilitation and employment of persons with disabilities. The PES carries outwork capability assessment: the PES experts participate in the commissions for work capability assessment, which forms the basis of the decision on the level of the persons’ remaining work capability.

- Unemployment insurance contributions ensure a high level of financial autonomy to the PES. as of 2017. The PES has the possibility to use the funds and resources from budget and other resources for financing ALMPs. But, because unemployment contributions are sufficient for financing unemployment benefit, ALMPs and operational costs, there is no need for budget funds. Local government funds and the EU (within IPA projects) provide direct financial support for specific ALMP measures in accordance with the local action employment plan. However, in spite of this support, the share of unemployed persons in ALMPs does not surpass 25%.

Areas of potential for further PES development include:

- Strengthening the analytical function, especially on the province level, in order to achieve higher level of usage of available information on labour market for planning and managing the measures of active employment policy as well as monitoring their effects, including the periodic ex-post evaluations.
- There is a need for better targeting of users of special measures According to last external evaluation cycle, special measures have had weak effect compared to the invested resources as it is the case of programs of additional education and training.
- As for the performance management system, there is a need for further development of weighting the indicators and monitoring the overall achievements of similar branches (divided in clusters) on the basis of a composite index. Furthermore, the need for linking human resources development policy with the system of performance management was recognized, as well as introduction of an employee rating and rewarding system (including nonfinancial aspects) according to the work results.
- Last but not least, to increase the market share of PES and reduce the workload of advisors for employment, multichannel services and Internet job matching services should be developed. System of Internet job-matching has been existing since 2011 and there are no legal-administrative obstacles to its further development. It is possible to provide integration with the system or registry of unemployed with small changes in regulations. In practice it would mean that unemployed persons could register with the PES unemployment register for the first time through an online platform.

PES acknowledges the need for improvement of above-mentioned processes and services and some of the activities have already been planned (i.e. adoption of the Law on Employees in Public Sector which obliges the PES to evaluate its employees is expected in 2019). A lot of resources are invested in further ICT system development and the new information system is to be operational in the beginning of 2018. It is currently in a testing phase. One of foreseen functional solutions is the automatic check and “giving signals” to the advisor if the easy-to-employ person is referred to measures of financial employment support. The econometric risk assessment of long-term unemployment is also being developed within a World Bank project. Also, within the World Bank project, the ranking of branches according to their achievements is performed, so these as well as previous good practices in this area can be used in developing the objective management system.

4. POTENTIAL GOOD PRACTICES

Based on self-assessment and discussion during the visit, and in the context of a wide range of tasks and measures that relatively small number of PES staff perform with high level of workload, the following practices can be classified as good examples:

- Performance-based agreement as a good foundation for system of performance management.
- Almost one decade ago PES Serbia introduced ISO-9001 quality system (which represents strength but also good practice) and the ways in which the activities are realised are defined with the procedures for all business processes with clearly defined tasks and responsibilities. It

achieved high level of uniformity and standardisation of processes within the entire organization. Internal evaluations of the implementation of the quality system are performed throughout the year and their results, as well as the employees' initiatives, influence the changes or amendments of the procedures. PES employees who have certificate for internal evaluator perform the internal evaluations. External evaluations of system of quality management are performed by external evaluators from external certification authority. The creation of the process map and performing the risk assessment in business processes also contributes to the processes standardisation. The process map refers to a schematic model of services flows within different processes with a description of each of the steps, and the risk assessment is carried out primarily in relation to financial aspects of the business so as to be able to undertake preventive measures.

- As in case of quality system, due to level of development and potential, ICT system can be viewed as strength as well as good practice. ICT system supports realisation of everyday activities, but also it is recognized as a useful tool for the management of business processes. It is significant for good information system of labour market and possibilities that create and manage locally "sensitive" ALMPs based on data. Availability of various data regarding the unemployed structure and employment up to level of the smallest organisational unit as well as computer connection with other institutions enable the development of new measures and adjustment of the existing measures in accordance with the local specificities of the labour market, especially the measures that are realised within local action employment plan where lower level of standardisation exists. In the context of the development of multichannel services for unemployed persons and employers, an online portal for linkage of employers and job seekers has existed within the ICT since 2011. Currently, it is not integrated with operational databases and the job seekers' register, but it enables online job-matching services. This is especially useful for employees wanting to change jobs, as they have low level of motivation to register with the PES. A share of the registered unemployed (especially persons with higher education) also prefers online channels for looking for jobs.
- Local employment action plans as a strong instrument of decentralisation in the area of employment policy, enable the adaptation of ALMPs to local labour market specificity and the creation of partnerships. The majority of local governments adopt local action employment plans and allocate funds to their implementation. The PES in cooperation with local governments administers these measures regardless if it is the case of co-funding ALMPs or not. National action plan determines which measures can be co-financed and local government has the possibility to independently finance specific measures.
- System of providing services to persons with disabilities, and service and measures package that is specifically created for this target group involving advisors who work with persons with disabilities represent examples of potentially good practice.
- System of internal licensing of employment advisors and system of induction process and vocational training of PES employees are good practices. PES rulebook defines internal certification of employment counsellors which is performed every 4 years. It involves a test

which assesses knowledge and skills. The contents, threshold, method and time of taking the test is defined by organisational unit in charge for human resources.

- Effects of measures of career guidance and advising (i.e. clubs for active job seeking that are managed by trained PES staff), evidenced by evaluation studies performed within EU project. Primarily IPA-2011.
- Good communication with media and target public in terms of visibility of measures and services that are provided to unemployed persons including the coverage of unemployed persons on an annual level.
- Employment caravans are mobile teams that visit rural areas in the van for the purpose of informing population and giving them motivation to register with the PES. According to the opinion of the part of evaluation team, this can be a good practice for other PES in the Western Balkans.

5. RECOMMENDATIONS

These recommendations are derived based on discussions during workshops and the site visit. As it is already pointed out, PES employees have high level of critical reflection and they can identify well the development needs and directions of future development. The recommendations are based on reflections articulated through self-assessment questionnaire and refer to those areas that have higher impact on overall development and achievements. When possible, the recommendations should be within the jurisdiction of PES except for recommendations for increase of number of employees.

- *Strengthening analytical function*

Through redistribution of staff to analysis jobs, training in analysis and evaluation and introduction of regular periodic cycles for external evaluation. Taking into account the potential of PES Serbia regarding ICT and information system of labour market as well as regarding human resources, it is recommended to develop the analytical function on provincial and area level or statistical regions: Western Serbia and Sumadija, Southern and Eastern Serbia, Vojvodina and the city of Belgrade. In human resources terms, this would not mean increase in the number of employees. But, if necessary, the redistribution of jobs can be carried out in those areas where it is considered necessary. In addition to monitoring of measures that is already being performed with potential training of employees, the level of measures monitoring could be expanded and include an analysis of control groups before participating in the programme or measure, and applying the OECD⁷ methodology on measuring the cost-effectiveness of programmes in the form of reimbursement of resources invested in measure through taxes and contributions paid by persons employed after specific measure. There is also a need for further adapting of measures and programmes to local specificity of labour market and better targeting of persons who are covered by measures. In the context of strengthening the analytics and taking into

⁷ OECD, Employment outlook, 2005

consideration PES experiences with external evaluations performed, it would be desirable to perform external evaluation of measures using advanced econometric analysis every 2 or 3 years. By its nature, building the analytical capacity can be considered as a long-term and more expensive but cost-effective investment. The maximal usage of existing human resources within PES, development of internal capacities in the field of analytics up to a certain level can be considered as a short-term and relatively cheaper investment.

- *Development of system of objective management*

Comparing the best EU practices such as Austria or Germany, the recommendation would refer to further system development in a way that includes grouping the objectives and indicators by those with greater and less importance and their weighting as well as ranking of branches previously put in clusters based on composite performance index. It is also recommended to integrate human resources policy with the system of performance management and stimulation of the employees (nonfinancial if financial one is not possible). Previous positive experiences in model development with acritical review should be used. By its nature, the development of system of objective management can be considered a short-term and slightly more intensive but not expensive investment.

- *Selection of training providers*

Considering the evaluation reports stating that the training for labour market was a quite cost-inefficient measure and recognizing the need for improving the effectiveness of this measure, an adjustment in the legal framework is recommended. Namely, that in the selection of training providers, beside the price and general compliance with training standards (i.e. the specification of the PES), the suppliers bid not only with price but also with the training quality and the ratio of the price and quality is to be 50:50.

In addition to this, the following quantitative indicators may for example be used: how many persons are employed with or without the provider's mediation after training, employment of participants in previous training cycle, attendants' satisfaction, qualifications and relevance of teachers' experience, criteria for evaluation of attendants' competences and monitoring quality, premises and equipment etc. An alternative approach would be to link the payment system to the process of career guidance and advising during the training and number of participants entering employment, which is a general trend in developed EU markets. By its nature, this would be a short-term intervention which does not require funds and has positive impact on effectiveness.

- *Employer segmentation*

Further development of services for employers would include integration of marketing approach into existing model of work with employers with the purpose of better services differentiation depending on the size and needs of the company. This would be an intensive short-term investment.

- *Development of system of services for sensitive groups according to the model that is already being used for persons with disabilities*

The model of the work with persons with disabilities can be also applied to other target groups to the extent possible, taking into consideration the restraints in number of employees and resources. This would be a long-term intervention that requires more financial and human resources. It is possible to develop this model as a short-term intervention within pilot project and in cooperation with local government in one or few branches, for example, for youth who are in long-term unemployment, followed by an impact assessment of the intervention by comparing the same target group in branches where this model is not applied.

- *Development of Internet services and PES portal*

It is recommended to continue the development of so-called “virtual world of services” in a way that would enable bigger participation of online platforms in providing services to employers and unemployed persons. This would include linking the online portal with operative databases and registers of unemployed persons in a way that would enable data transfer in two directions. The effect of ICT on physical environment of the PES in EU is the most evident in common premises where notice boards are replaced by ICT desks, self-registration and Internet access. At the same time, expansion of services via Internet and call centres has direct influence on an increase in vacancies along with a decrease in workload of employment advisors. This would be a long-term and more expensive, but more cost-effective investment. In relation to the above-mentioned, the PES has recognized the need for merging information regarding the vacancies in the country. In addition to questionnaire approach, to the evaluation of number of vacancies in the country (to be done by Statistical Office) and the number of newly employed persons (can be obtained from Central Register of Payers of Social Insurance), a practical approach seems to be to merge the vacancies reported to private agencies and the PES portal. Having in mind that the agencies already have the reporting obligation, development of this platform would represent a cost-effective and not expensive investment. The experiences of Belgium, Sweden and partially Estonia could be the examples of good practice in development of Internet services.

- *Upgrade of quality system*

Existing quality system, according to the ISO standard, is recognized and applied in some of the PES in the EU. The fact that it does not correspond sufficiently with the system of objective management and that, in particular countries such as Austria, other instruments from the area of quality system (i.e. BSC) are used are observed as weaknesses. In this context, a good investment that would be a long-term but probably expensive would represent development of quality system according to Austrian model.

- *Professional orientation*

Having in mind that the PES needs to use psychologists to a greater extent for work with unemployed persons and employers, it is recommended that PES supports, within its jurisdiction, the initiative created within GIZ project for development of professional orientation in schools, so the PES psychologists could give advice to pupils to a lesser extent. In other words, the recommendation is that one part of the work is to be taken by school psychologists and in that way PES resources would have less burden.

- *Increase the number of employees*

Last but not least, increasing the number of employees is vital for strengthening the PES capacity. The workload of employment advisors is extremely high and, on average, one advisor has to provide services for more than 1000 unemployed persons which is twice more than the upper limit of workload in PES. It should be noted that the possibilities for redistribution of work within the PES and branches are small because it has already been done and minimum number of people work in support functions for system functioning so the reserves of human resources are already exhausted. Also in case of subcontracting the services to external associates and agencies, the increase of number of employees seems to be the imperative of further PES development in accordance with the standards of other EU PES.

In last several years, the rebalance of staff structure in the PES was implemented. Now, the ratio of administrative and operative staff is close to the target value of 20:80. However, there is a possibility for reconsidering the workplace structure and development of “multifunctional” employment advisor profile that would be capable to deal with all client need with proper training. In other words, this would imply the reorientation of staff employed as advisors or organisers of ALMPs to a position of employment advisor. In this way, the workload per an employment advisor would be reduced but not enough comparing the acceptable level of high quality work (80-350 unemployed persons / employment advisor). And in case if all specialised advisors (professional orientation, active measures) are reoriented to be employment advisors, the workload of advisor would be approximately 700 unemployed. In this sense, there might be a need for increase in the number of staff.