

## Standard Summary Project Fiche – IPA centralised programmes

### **Project Number 12: Preparation of Labour Market Institutions for European Employment Policy**

#### **1 BASIC INFORMATION**

- 1.1 CRIS Number:** 2011/022-585
- 1.2 Title:** Preparation of Labour Market Institutions for European Employment Policy
- 1.3 ELARG Statistical Code:** 03.19 European standards. Social policy and employment
- 1.4 Location:** Republic of Serbia

#### **Implementing arrangements:**

- 1.5 Contracting Authority:** EU Delegation to the Republic of Serbia
- 1.6 Implementing Agency:** EU Delegation to the Republic of Serbia
- 1.7 Beneficiary (Including Details of Project Manager):**

**Ministry:** Ministry of Economy and Regional Development (MoERD) and National Employment Service (NES)

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**Steering committee:** The Project Steering Committee (PSC) will be established for the control and supervision of the project activities/outputs.

The PSC will: provide guidance and decide on all strategic issues related to the project, provide opinions and recommendations upon request by the Project Manager ensure overall coordination of the project, discuss and approve the main outputs of the project, ensure access to the necessary information and provide support to the Working Groups. The membership of the PSC will include representatives of key stakeholders: NES, MoERD, MoE, MoLSP, Ministry of Finance (MoF), RSO, STU, SEA, Serbian European Integration Office (SEIO),

and EU Delegation. The PSC will meet every six months, and *ad hoc* as required, and will be chaired by the assistant minister for employment.

The senior management of the Employment Sector, MoERD and NES will establish a Project Management Group (PMG). Project management group shall be established at the operational level to, (i) ensure that all programme activities are carried out according to the agreed work plans, and (ii) promptly identify and resolve any outstanding issues. Weekly meetings of Project Team Leader<sup>1</sup> and relevant beneficiary (ies) will be held.

For the organization of the project, five Working Groups for specific topics will be established: Working Group 1 (WG 1) for the activities related to EU employment strategy and laws, Working Group 2 (WG2) for work on drafting Joint Assessment Paper (JAP), Working Group 3 (WG3) for work on the National Classification of Occupations, Working Group 4 (WG4) for monitoring and evaluation of the implementation of the National Employment Action Plan and Working Group 5 (WG5) for local employment policy. Working groups (WGs) will be established to constitute a forum for discussion and decision-making on project activities relevant to each of the selected work areas and to support preparation, implementation and monitoring of project activities. The constitution of Working Groups will bring together responsible core staff of MoERD, NES and other stakeholders, thus guaranteeing that all players are involved in the project. The WGs will support foreign experts in the implementation of the activities. WGs will be chaired by Serbian MoERD and NES experts. WG meetings will be held on regular basis (at least every two months, or more often if the project requires so). In the case of National Classification of Occupations and National Employment Action Plan, no new WGs will be established as they have already been established through previous projects and demonstrated commitment and results. WG will be composed of members representing key stakeholders: MoERD, NES, Ministry of Education (MoE), Ministry of Labour and Social Policy (MoLSP), Republic Statistics Office (RSO), Serbian Trade Unions (STU), Serbian Employer Associations (SEA), national research institutes.

### **Financing:**

<b>1.8 Overall Cost (VAT excluded)<sup>2</sup>:</b>	EUR 3.5 million
<b>1.9 EU Contribution:</b>	EUR 3.5 million
<b>1.10 Final date for contracting:</b>	2 years after the signing of the Financing Agreement (FA)
<b>1.11 Final date for execution of contracts:</b>	4 years after the signing of the FA
<b>1.12 Final date for disbursements:</b>	5 years after the signing of the FA

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<sup>1</sup> Project team leader will be the person appointed to head the work of the project team on behalf of the contractor.

<sup>2</sup> The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

## 2 OVERALL OBJECTIVE AND PROJECT PURPOSE

### 2.1 Overall Objective:

To speed up labour market reform in line with the EU standards.

### 2.2 Project Purpose:

To improve the impact of Serbian employment policy.

### 2.3 Link with AP/NPAA / EP/ SAA

The latest available and relevant **European partnership** from February 2008 (Section: *Economic criteria*) identified Short term priorities:

- “Continue efforts to promote employment, including by means of vocational training and labour market reforms, improve public employment services...”;

**European partnership** (Section: *economic criteria*): points out medium-term priorities:

- “Reduce structural rigidities that hamper the labour market, in particular relating to labour market regulation, to increase participation and employment rates.”

The first project component focuses on the preparation of instruments and mechanisms that are used on the EU level for coordination of members states’ employment policies and will contribute to the priority: “Further strengthen European integration capacity within the public administration, and improve cooperation mechanisms with all departments dealing with European integration..., implement measures to develop human resources in the civil service, strengthen the policy-making and coordination capacity of the public administration at government and local levels...” (medium -term priorities, political criteria, democracy and the rule of law, public administration.)

**Stabilization and Association Agreement** (*title VI: Approximation of laws, law enforcement and competition rules*):

“The Parties recognise the importance of the approximation of the existing legislation in Serbia to that of the EU and of its effective implementation. Serbia shall endeavour to ensure that its existing laws and future legislation will be gradually made compatible with the EU *Acquis*.”

**Stabilization and Association Agreement** (*Title VIII Cooperation policies Article 101 Social cooperation*) points out:

“With regard to employment, cooperation between the Parties shall focus notably on upgrading job-finding and career advice services, providing back-up measures and promoting local development to assist industrial and labour market restructuring. It shall also include measures such as studies, the secondment of experts and information and training operations.”

The 2010 Progress Report points out that in February 2010, the government adopted the national action plan for employment for 2010, which defines priorities, goals, programmes and measures of employment policy. The plan is the main instrument of an active employment policy aimed at boosting investment in human resources, supporting social

inclusion in the labour market and creating new jobs. In August 2010, the national employment action plan for 2011 was adopted to provide continuity in implementation of the employment strategy. Nonetheless, the situation of young jobseekers and of long-term unemployed is of particular concern and under the impact of the economic crisis labour market conditions deteriorated as employment fell and unemployment approached 20%. Salaries remained almost unchanged in real terms. The economy continues to suffer from skills mismatch. Serbia has to face considerable labour market challenges and the policy response is insufficient to deal with the scale of the problem.

## **2.4 Link with MIPD**

Preparation of labour market Institutions for European employment policy falls under the Employment and Social Inclusion sector. The main goal is to align social policies in Serbia with EU standards, supporting the country's efforts to adhere to the targets of Europe 2020 in poverty and social exclusion and, in particular to the objectives and actions of the European Platform against Poverty and Social Exclusion.

## **2.5 Link with National Development Plan:**

N/A

## **2.6 Link with National/Sectoral Investment Plans:**

**National Strategy of Serbia for EU Accession** points out the following:

“For realising the harmonisation process and achieving the goals that this process entails, it is necessary to take up the following steps: Continue the analysis of harmonisation of the remaining domestic regulations, which were not covered by previous analyses... The realisation of this task implies capacity building and enhancement in all ministries that participate in the analysis of harmonisation of relevant domestic legislation.” The project will contribute to the Serbian harmonisation process in the area of employment with the activities that will be conducted under result 2, “Recommendations provided on the harmonisation of the employment regulations in line with EU laws”.

**Amended Serbian National Programme for Integration from December 2009** (*Chapter 3.19.4. Employment and European Social Fund*) highlights the following:

- drafting the Bill on Employment of Foreigners (which is a priority related to transposition of EU regulations in the area of movement of workers);
- establishment of the system for planning, monitoring and evaluating the impact of active labour market policies (hereinafter: ALMPs);
- designing ALMPs in line with the regional development priorities and targeting the most difficult to employ population groups;
- establishment of the labour market forecasting system;
- criteria and conditions for application of measures that stimulate employment adjusted to relevant EU regulations and applicable guidelines in employment area;
- strengthening local capacities and involvement of social partners in creation and implementation of active employment policy.

**National Employment Strategy 2005-2010** states the following:

“One of the important strategic orientations of our country is the EU integration process...” The National Employment Strategy 2005-2010 envisages, as the essential part of the NES reform, the development of monitoring and evaluation and development of an adequate labour market information system. “The development of monitoring and evaluation, including the establishing and application of performance measurement systems, requires reliable, comparable and permanently available data. In the period covered by this Strategy, the National Employment Service should considerably improve the methodology of collection and analysis of data from its own sources and the methodology of their adequate and timely dissemination to the relevant institutions that will combine them with the data from other sources, in order to get an overall picture of labour market trends and functioning. The role of the NES is particularly important for the collection of data on labour market trends at local and county levels. The strategic objective in this field is to cover all International Labour Organization (hereinafter: ILO) indicators and 90% of EUROSTAT indicators by 2010”. This Project will directly tackle these issues by establishing trend management mechanisms in employment policy and monitoring and management of labour market development (especially in regional and local labour markets); it will measure the effects and cost-efficiency of the existing active labour market programmes and make an impact on the development of new and advanced active labour market programmes.

**National Employment Action Plan for Serbia for 2010** points out the following:

“One of the objectives of the project is to build capacities of labour market institutions; some of the measures, through which it needs to be achieved are: improvement of work and modernisation of the Employment Sector of the Ministry of Economy and Regional Development and the National Employment Service, monitoring of implementation and impact of ALMPs, and introduction of monitoring and evaluation of impact of ALMPs into the regular activities of institutions”.

The Project will directly contribute to implementation of priorities and tasks defined in the strategic EU and national documents.

### **3 DESCRIPTION OF PROJECT**

#### **3.1 Background and Justification:**

Under the Law on Ministries, employment policy in the Republic of Serbia is under the mandate of the Ministry of Economy and Regional Development. This Ministry is in charge of the supervision of work of the NES, a public employment service responsible for the implementation of employment policy. NES operates through the head office in Belgrade, two provincial services and the network of 34 branch offices. Active labour market programmes delivered by NES can be grouped into five:

- Job matching;
- Vocational guidance and career counselling;
- Self-employment subsidies;
- Job-creation subsidies; and

- Further education and training.

Labour market situation in the Republic of Serbia slightly improved in recent years. However, the results of the last two Labour Force Surveys again indicate negative trends: the employment rate in October 2008 amounted to 53.3%; then, in April 2009 it dropped to 50.8% and even more in October 2009, to 50.0%. Activity rates also show a downward trend: 62.56% (October 2008), 60.77% (April 2009) and 60.5 (October 2009). When the main labour market (hereinafter: LM) indicators are compared to the EU 27, the gravity of the situation becomes even more evident: Serbian unemployment rate is 17.4% (October 2009), compared to EU 27 (9.4%). The problem is additionally aggravated by the wide regional employment discrepancies in Serbia: While Belgrade and Northern Serbia are doing much better than the rest of the country, Southern Serbia experiences higher than average unemployment. The district of Belgrade had the lowest unemployment rate (13.4%), which compares to the highest figure (45.9%) recorded in the district of Toplica (Southern Serbia)<sup>3</sup>. There are also pockets of high unemployment in municipalities across the country<sup>4</sup>. Also, a significant percentage of the unemployed belong to disadvantaged groups that are the most difficult to employ: youth (15-29) – 27.68%, women – 52.03%, elderly (50+) – 24.26%, people with disabilities – 2.86%, internally displaced persons (hereinafter: IDPs) and refugees – 1.34% and Roma – 1.98%). There is the need to target more effectively these populations in order to improve their chances of finding a job and increase overall labour market participation. So far planning of employment policy has not been grounded on thorough analyses of the impact of implemented ALMPs. However, in developing ALMPs, MoERD/NES must rely on robust analyses of current and future labour market trends and take more into account results from previously implemented programmes (evidence-based employment policy creation). Both NES and MoERD require more sophisticated analytical tools and expertise to carry out monitoring and evaluation of employment policies and forecasting of labour market trends. The National Employment Service does not currently have such a monitoring and evaluation system in place for measuring the impact of active labour market policies (nor for forecasting skills likely to be required by employers in the future).

ALMPs are also not sufficiently tailored to the specific conditions that exist in local labour markets. This requires a greater participation of social partners in employment policy-making, as foreseen in the new Law on Employment and Unemployment Insurance. In this context, local stakeholders (local self-government, social partners and NES branch offices) must develop their capacity to analyse the situation on the labour market and the needs of the unemployed, so that they are better able to create local responses to unemployment problems. The mechanisms for that are Local Employment Councils (LECs). Currently there are 116 LECs in Serbia, beside the National Employment Council. LECs are advisory bodies composed of representatives from local self-governments, trade unions, employers' associations, NES, education institutions and other local associations. Their role is to monitor local labour market conditions and provide recommendations to local self-governments regarding needed employment measures. Their establishment is not mandatory, but the new Law on Employment and Unemployment Insurance provides incentives for the creation of LECs at district and municipal levels since they can propose local employment action plans (LEAPs), which are eligible for co-financing from the state budget upon their adoption by the

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<sup>3</sup> NES, 2009

<sup>4</sup> The highest unemployment (60.7%) in Serbia is recorded in the municipality of Lebane (10,000 inhabitants, district of Jablanica in Southern Serbia)

local-self government<sup>5</sup>. Lack of experience with establishing and running LECs has so far prevented their effective development. A recent survey conducted by the National Employment Service shows that only 55 LECs – out of the 116 established – are operational and that only 20% of them managed to secure funding for their operations.

The intention behind this project is to assist Employment Sector (within MoERD), NES staff and officials, as well as other important stakeholders to build their capacities for evidence-based policy creation and implementation of employment policy in line with “Europe 2020”, the European Commission’s draft strategy<sup>6</sup> for achieving inclusive, sustainable and smart growth between 2010 and 2020, and to strengthen employment policy-making at the local level, both in NES branch offices and LECs. The proposed project will be a natural continuation of the twinning project (CARDS 2006) “Support to the Development of National Employment Policy in Serbia” that has just ended because it will enable Serbia to remain constantly updated with EU developments in policy-making, arising from the new Europe 2020 strategy. All capacity building within the project will be carried out in line with the staff development plan that is to be produced on the basis of the previously conducted learning needs analysis. Once it is produced, the staff development plan will make an integral part of the Corporate Plans of the Employment Sector and National Employment Service drafted as one of the outputs of the CARDS 2006 twinning projects. These Corporate Plans need to be updated each year in line with the annual work plans and so the staff development plan will accordingly be updated annually.

Since the Republic of Serbia submitted its application for candidate country status, it needs to speed up its labour market reforms in line with the above EU processes, in order to adjust its system as much as possible to EU policies and practices, so that once the accession happens, no major changes are needed and integration into the EU system can go smoothly.

The Republic of Serbia is currently in the process of preparation for IPA component IV. With that aim in mind, the mandated institutions started drafting the Operational Programme for Human Resource Development covering three priorities: employment and labour market, education, VET and social inclusion. The employment priority envisages measures and operations that will deal with regional and local employment policy, or more specifically support to responsible local institutions to take a more active role in employment policy creation by means of delivering a grant scheme for implementation of Local Employment Action Plans (LEAPs). With this project Local Employment Councils will be assisted with preparing LEAPs and will receive initial assistance for grant scheme preparation.

The first component of this project will contribute to the improvement of design and implementation of Serbian employment policy, in line with EU policies through capacity building of NES and MoERD staff, in terms of EU instruments and mechanisms used for the implementation of employment policies, including all the elements of the new European Employment Strategy; providing assistance in necessary adjustments of employment regulations in line with EU *Acquis* governing the employment area; preparation for the drafting of a Serbian Joint Assessment Paper (JAP)<sup>7</sup>. The Republic of Serbia adopted one

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<sup>5</sup> State co-financing amounts to 70% for less developed regions and 50% for all others

<sup>6</sup> To be approved during the first half of 2010

<sup>7</sup> Once the country has obtained Candidate Country status, Joint Assessment Papers (JAPs) of employment policy priorities will have to be carried out. The objective of the Joint Assessment Paper is to ensure that a candidate country defines employment policies that will prepare it for membership of the Union and adjust institutions and policies to enable its full participation in the EU-wide employment policy co-ordination as soon as accession happens. The JAP is signed by the EC Commissioner responsible for employment and the candidate country minister in charge of employment issues.

National Employment Strategy for the period 2005-2010. This strategy was adjusted to the European Employment Strategy, observing the specific features of the Serbian labour market. Work on the preparation of the new strategy has commenced and it will be adopted by the Government of RS by the end of 2010 for the forthcoming period. The new National strategy will also be adjusted to the strategic directions that will be set in the post-Lisbon Strategy.

The main instrument for implementation of the National strategy is the National Employment Action Plan (NEAP). The new employment promotion law stipulates annual adoption of NEAPs; so far, three NEAPs have been produced. However, further support to their design is still needed, especially concerning the monitoring and evaluation mechanism<sup>8</sup> and this will be done through the third project component, which is aimed at strengthening the capacity of NES and Employment Sector within MoERD for maintaining a system for monitoring and evaluation of active labour market programmes and forecasting of labour market trends. It will build on the system to be established under the IPA 2008 project “*Forecasting and NES data management*”, which commenced in March 2010 and is scheduled to finish in November 2011, and will refine existing procedures and methodologies to ensure their dissemination to all NES branch offices. Namely, through the IPA 2008 project the methodology for monitoring and evaluation of the impact of active labour market programmes and forecasting of labour market trends will be established. Furthermore, the established methodology will be used for assessing the impact of selected ALMPs, and forecasting methodology will be piloted in several NES branch offices. This project will be a continuation of these activities, in the sense that it will provide further support for mainstreaming the forecasting methodology throughout the network of all NES branch offices. A monitoring and evaluation system will be applied to assess the effectiveness of all ALMPs used by NES. In addition, all the responsible staff in NES and Employment Sector will be trained for feeding the data and results of analysis obtained from conducted monitoring and evaluation exercises, as well as LM forecasting back into the planning process of employment policy. They will learn how to use the results of evaluation and forecasting for tailoring ALMPs to the specific needs of the least employable groups. NES branch offices will also receive assistance in adjusting annual work programmes to local labour market needs. In addition, MoERD will receive support for the development of mid- and long-term labour market forecasting, in cooperation with national research institutes. Labour market forecasting, monitoring and evaluation practices will be refined to improve the intelligence used for policy design. This component will target Employment Sector and NES staff in charge of monitoring, evaluation and analysis tasks, as well as responsible for ALMPs. Component three will also be dealing with the adjustment of National Classification of Occupations to ISCO 08 standards. Namely, the work on this issue is in progress, but only for approximately 600 occupations (of the total of over 3,000 occupations). This initiative is carried out by the Republic Statistical Office which is outsourced by the Ministry of Economy and Regional development and will be finished by the beginning of 2011. The remaining more than 2,400 occupation descriptions will be adjusted to ISCO 2008 within this project. Once the National Classification of Occupations is complete, it will define the level of job complexity for occupations and as such should serve as a basis for define the level of education complexity under the National Qualifications Framework.

The second project component will encourage a greater involvement of local employment councils in employment policy-making and contribute to locally-based solutions to unemployment. It will strengthen the capacity of local stakeholders to develop and implement

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<sup>8</sup> The National Employment Action Plans from the previous period were developed with the support of international projects. NEAP 2006-2008 was developed with the support of “Employment Support Programme” CARDS 2004; NEAPs for 2009 and 2010 were developed within the Twinning project “Support to the Development of National Employment Policy in Serbia”.

employment policies based on a better understanding of local labour market conditions. Training and capacity building activities will help LECs collect and interpret labour market information and develop local employment action plans (LEAPs) that address identified needs. Some initial training of LECs' members for development of LEAPs has already been delivered in 16 LECs through the twinning project "Support to the Development of National Employment policy". This project will build on the capacities that were developed in this way. Further technical and financial assistance for implementation of local employment action plans will be available once the access to component IV of IPA is granted (envisaged for 2012). The local stakeholders will in this way receive assistance for applying for grant schemes intended for support to implementation of local employment action plans.

### **3.2 Assessment of Project Impact, Catalytic Effect, Sustainability and Cross Border Impact**

The project in general will help better prepare Serbian labour market institutions for the new obligations in the area of employment policy, arising from the European integration process. All the staff members of the Employment Sector of the Ministry of Economy and Regional Development and relevant NES staff will undergo trainings in EU employment-related regulations and policies and will be responsible for integration of the lessons learnt in the Serbian strategic documents and employment policy in general. In addition, a training manual will be devised for purposes of providing sustainability in HR development in the future. Apart from MoERD and NES staff, employees of the relevant stakeholder institutions will also have an opportunity to take part in trainings in line with their fields of activity in order to provide for multisectoral approach to the problem.

The third project component will improve capacities of Serbian labour market institutions for designing employment policy in line with in-depth analyses of the impact of conducted ALMPs. The sustainability will be directly provided because the results of the conducted analysis will feed into the forthcoming policy cycle. In addition, the measures designed and adjusted to the specific needs of vulnerable groups and adapted to local LM conditions will be implemented by means of grant schemes and direct grant envisaged through IPA IV (the implementation of the Operational Programme for Human Resource Development is planned to start at the beginning of 2012). It will also facilitate the completion of the process of the harmonisation of the National Classification of Occupations with ISCO 2008.

The project will also make a significant impact on the creation of local employment policy through the component dealing with capacity building of the local level for taking a more active part in the creation and implementation of local employment policy. The sustainability will be provided by means of future activities envisaged under IPA IV. This project will help raise the capacities of local self-government through local employment councils to draft local employment action plans some of which will be implemented by means of grants envisaged under IPA IV activities. It will also train them in the preparation of project documents for the grant applications they will have access to through IPA IV, for implementation of local employment action plans. The knowledge acquired by some of the LECs through this project will be further disseminated through the IPA IV component which will also be used for helping prepare LECs to implement local employment actions plans by means of the planned IPA IV grants scheme. A catalytic effect is also foreseen through the regular sharing of experiences and best practices among LECs. This type of exchange which will continue after project completion and will enable additional LECs across Serbia to benefit from the lessons learned of the LECs that will be targeted for participation in this project. The far-reaching impact of this project will aim to ensure that LECs throughout Serbia have the opportunity to

consistently build their capacities in an effort to address employment policy issues in line with EU standards.

### **3.3 Results and Measurable Indicators:**

**COMPONENT 1** - Improve the design and implementation of Serbian employment policy in line with 'Europe 2020' which includes Employment Strategy

**Result 1:** Strengthened capacity of NES and MoERD Sector for Employment officials and staff in European Employment Strategy

#### **Measurable indicators:**

- Conducted learning needs analysis for Sector for Employment and NES staff by month 6 of project implementation
- Designed staff development plan with guidelines for the future development plans by the end of project implementation
- Number of staff in MoERD and NES who attended the workshops and study tours on the EU instruments and mechanisms used for the implementation of employment policy by the end of project implementation
- Recommendations for employment promotion of vulnerable groups produced by the end of project implementation
- Recommendations for introducing other ALMPs produced by the end of project implementation
- Number of NES staff who attended information seminars on EU funded employment policies by the end of project implementation

**Result 2:** Recommendations provided on the harmonisation of the employment regulations in line with EU laws<sup>9</sup>.

#### **Measurable indicators:**

- Number of MoERD and NES staff that have participated in consultations on EU directives and regulation in the area of employment by the end of project implementation
- Number of MoERD and NES non-legal staff that have participated in the seminars on the content of the directives and regulation governing the area of employment by the end of project implementation
- Number of MoERD Sector for Employment and NES staff who attended seminars on EU state aid laws related to employment area
- Number of MoERD and NES legal staff that have participated in the seminars for making comparative analysis and adjustment of national employment legislation with EU regulation by the end of project implementation

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<sup>9</sup> In line with the obligations to harmonise the national laws with EU laws in the EU integration process.

- Recommendations provided for adjusting national legislation by the end of project implementation

**Result 3:** MoERD staff capacity built for drafting of the Serbian Joint Assessment Paper

**Measurable indicators:**

- Number of MoERD staff participated in workshops on the contents of the meaning and purpose of JAP by the end of project implementation
- Working group established for JAP draft preparation by month 6 of project implementation
- LM situation analysis (gap analysis) and employment policy analysis completed by the end of project implementation
- Draft JAP prepared

**COMPONENT 2** - Build capacities of Local Employment Councils to prepare and implement local employment action plans and create a project pipeline

**Result 4:** Local Employment Councils capable of interpreting data on labour market needs and developing coordinated responses to unemployment.

**Measurable indicators:**

- Members of at least 20% of existing LECs completed trainings in interpretation and use of information on LM situation obtained from different sources by the end of project implementation.
- Members of at least 20% of existing LECs completed trainings in employment policy cycle and employment action planning methods by the end of project implementation

**Result 5:** Local Employment Councils capable of developing, and steering the implementation of Local Employment Action Plans in line with the local LM situation.

**Measurable indicators:**

- Number of Local Employment Action Plans prepared in line with the National Employment Action Plan and specific characteristics of the local labour markets by the end of project implementation
- Members of at least 20% of existing LECs prepared to steer the implementation of the specific active measures stipulated by the LEAP by the end of project implementation

**COMPONENT 3** - Embed forecasting, monitoring and evaluation in the design and implementation of active labour market policies

**Result 6:** NES branch offices (BOs) use methodologies for monitoring and evaluation of ALMPs and forecasting LM trends, created through IPA 2008 project.

**Measurable indicators:**

- Number of NES BOs that conducted evaluations of ALMPs by month 9 of project implementation
- Number of conducted evaluations of ALMPs by month 9 of project implementation
- Number of ALMPs evaluated by month 9 of project implementation
- Number of Evaluation Reports on ALMPs effect produced by month 9 of project implementation
- Number of members of Employers` Associations, trade unions and other stakeholders who attended the workshops by month 9 of project implementation
- Number of conducted employer surveys on future staff needs and qualifications required by month 12 of project implementation
- Number of Reports on short term LM forecasts produced for local and national level by month 15 of project implementation
- Number of NES staff trained in profiling the unemployed at highest risk of LM exclusion and matching them to available ALMPs by the end of project implementation
- Number of ALMPs adjusted to the needs of vulnerable groups by the end of project implementation
- Number of annual activity plans of NES BOs adjusted to local LM needs by the end of project implementation

**Result 7:** Commenced establishment of the system of mid- and long-term forecasts and MoERD Sector for Employment officials and staff prepared for using the results of monitoring, evaluation and forecasting for the formulation of evidence-based employment policy.

**Measurable indicators:**

- Number of MoERD staff trained in using the results of analyses of ALMPs for employment policy creation by the end of project implementation
- Number of MoERD staff trained for producing mid- and long-term forecasts by the end of project implementation
- Established procedure for coordinated activities between NES and MoERD in this area by the end of project implementation

**Result 8:** Annual NEAPs designed, implemented and evaluated<sup>10</sup>

**Measurable indicators:**

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<sup>10</sup> Under the Law on Employment and Unemployment Insurance the National Employment Action Plan shall be adopted at the latest by 31<sup>st</sup> July of the current year for the following year. Therefore, if this project starts in mid 2011, it will provide support to work on the design of NEAP for 2013 and the one for 2014.

- Number of MoERD staff trained in methods of *ex-ante* evaluation of first draft NEAP by month 15 of project implementation
- Conducted *ex ante* evaluation of draft NEAP by the end of project implementation
- Number of quarterly reports of NEAP implementation by the end of project implementation
- Conducted *ex post* evaluation of NEAP by the end of project implementation

**Result 9:** National Classification of Occupations adjusted to ISCO 08 standards.

**Measurable indicators:**

- More than 2400 remaining occupations described and ready for integration into National Classification of Occupations by the end of project implementation
- National Classification of Occupations in line with ISCO 08 by the end of project implementation

### 3.4 Activities:

#### Activities related to results under Component 1

##### Activities related to result 1:

1. Plan and organise a series of training, seminars and workshops for MoERD Sector for Employment and NES officials and staff, facilitated by EU Member State experts aimed at presenting approaches and instruments used on the EU level for coordination of member's states' employment policies;
2. Conduct workshops for MoERD Sector for Employment and relevant NES officials and staff on the contents of the new EU 2020 Strategy<sup>11</sup> & EU Annual 'Employment Package';
3. Organise exchange of experience (including study tours) between relevant MoERD Sector for Employment and NES staff and Member States employment policy experts on measures for tackling LM integration of different groups of vulnerable population;
4. Establish a mechanism for coordination of the national employment policy and EU funded instruments (future National Reform Program and European Social Fund activities), including help to staff with identification of the priority interventions;
5. Provide assistance to the MoERD Sector for Employment and relevant NES officials and staff to derive recommendations on the introduction of new and innovative measures used in the member states' employment policies that could be introduced into national policy;

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<sup>11</sup> The EU Lisbon Programme, Employment targets of the Lisbon Strategy after 2010 including new Employment Guidelines; quantitative Targets and Benchmarks of the employment guidelines, latest Joint Employment Report, Employment targets of the Lisbon Strategy, National Reform Programmes, latest Joint Implementation Report, Recommendations of the Council, EU annual progress report (closed cycle of European employment policy).

6. Raise awareness of NES staff about EU funded employment policies and learning about EU best practices;

**Activities related to Result 2:**

7. Organise consultations for NES and MoERD legal unit's staff with MS experts dealing with EU employment legislation, on currently applicable EU laws and their implementation at national level;

8. Organise seminars for MoERD Sector for Employment and NES staff on EU state aid laws related to employment area;

9. Conduct a comparative analysis of national and EU regulations, with recommendations for transposing elements of EU laws into national laws;

10. Develop the capacity of non-legal staff of the Sector for Employment and NES on the EU laws governing the employment area;

**Activities related to Result 3:**

11. Organise workshops for all staff aimed at understanding the meaning and purpose of JAP;

12. Establish a WG (consisting of relevant stakeholders) that will be assigned to JAP preparation;

13. Convene regular WG meetings with a view to gather all the necessary information and guidelines to prepare JAP;

14. Conduct a LM situation analysis (gap analysis), and an employment policy analysis including employment challenges and priorities;

15. Prepare draft JAP;

16. Provide coordination with WG for Joint Inclusion Memorandum in order to harmonise recommendations.

**Activities related to results under Component 2**

**Activities related to Result 4:**

17. Train LEC members to interpret and use information on LM situation gained from NES BOs and other sources;

18. Train LEC members in employment policy cycle and employment action planning methods;

19. Support establishment of LEC networks – promote clusters of LECs, where appropriate, based on analysis of the local conditions.

**Activities related to Result 5:**

20. Support preparation of Local Employment Action Plans in line with the National Employment Action Plan and specific characteristics of the local labour markets;

21. Support LEC members to steer the implementation of the specific active measures stipulated by the LEAP;
2. Work with individual LECs to identify intervention needs for future IPA IV funding;

### **Activities related to results under Component 3**

#### **Activities related to Result 6:**

23. Provide assistance to NES staff for conducting evaluations of all ALMPs in all NES BOs in line with the results of the IPA 2008 project;
24. Organise workshops for members of employers associations, trade unions and other stakeholders to raise their awareness and encourage them to participate in labour market surveys<sup>12</sup>;
25. Conduct an employer survey on future staff needs and qualifications required on the territory covered by all NES BOs in line with the methodology adopted through the IPA 2008 project;
26. Provide assistance to NES staff to produce semi-annual /annual evaluation reports on ALMPs effect and forecasting reports, at local and national levels;
27. Design and implement a training program for NES staff in profiling the unemployed at highest risk of LM exclusion and matching each unemployed individual with the ALMP best suited to his/her specific needs;
28. Provide assistance to NES BOs to adjust and implement their annual plans of work in accordance with local labour market needs.

#### **Activities related to Result 7:**

29. Plan, organise and conduct a series of trainings, seminars and workshops for MoERD staff, Sector for Employment, on the use of the results of the M&E system;
30. Plan, organise and conduct a series of trainings, seminars and workshops for MoERD staff, Sector for Employment, for producing mid- and long-term forecasts, with active participation of research institutes that will provide the expertise;
31. Provide assistance to establish a mechanism for coordination between NES and MoERD Sector for Employment for purposes of mid- and long-term forecasts.

#### **Activities related to Result 8:**

32. Provide further assistance to the working group for NEAP<sup>13</sup> to steer the action plan design process;

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<sup>12</sup> Currently employers are not aware that without their input NES cannot conduct forecasting (learn about their future recruitment, skills and knowledge needs). In that sense, trade unions and employers' associations must be mobilised to help provide this input from employers.

<sup>13</sup> This working group on employment matters was established under the Twinning project "Support to the Development of National Employment Policy" for purposes of NEAP development. This WG should serve as constant support for the Sector's responsibilities in this area, ensuring an efficient work on policy options and choices and strengthened and meaningful stakeholders' consultation

33. Design and implement a training program for MoERD's Sector for Employment staff in methods of *ex ante* evaluation of NEAP and provide assistance to carrying out *ex ante* evaluation of draft NEAP;
34. Establish the indicators for monitoring NEAP on the basis of EU indicators;
35. Provide assistance to the MoERD Sector for Employment staff to produce annual reports on the implementation of NEAP in line with the reporting obligations of EU member states;
36. Establish the quarterly level reporting system on the implementation of NEAP that would feed into *ex post* evaluations for the next cycle.

#### **Activities related to Result 9:**

37. On the basis of the gaps identified when using the new 600 descriptions of occupations in practice adjust the questionnaires for conducting the research for the remaining more than 2400 occupations;
38. Conduct the research on occupations on a sample of employers;
39. Provide further assistance to the working group for National Classification of Occupations;
40. Classify the occupations in line with ISCO 08;
41. Develop a system for updating National Classification of Occupations.

Result 9 should be subcontracted as it requires a lot of field work done by a large number of people trained in doing surveys. Namely, for the research of sample employers to be conducted, people will have to conduct field visits to employers and interview them to fill in the questioners made for that purpose, in order to have conducted a survey. This will also require experts that will be in charge of processing the received data in order to finalise the research.

### **3.5 Conditionality and Sequencing**

*Forecasting and NES Data Management* IPA 2008 project commenced in the first quarter of 2010 and will be finished by the end of 2011. The results of this project will be the basis for component three of the proposed project. *Forecasting and NES Data Management* will help design methodologies for labour market forecasting and monitoring and evaluation of the impact of ALMPs. The current project will help disseminate the use of methodologies throughout NES branch offices (by means of training all the relevant staff members). It will also be a natural continuation of the above project in a way that it will be a next step in the process: after the first analyses have been conducted this project will assist relevant staff to interpret them for the creation of the new policy cycle. Evaluating efficiently the impact of ALMPs will enable the Ministry of Economy and Regional Development and NES to provide adequate mechanisms for management of trends in the field of employment policy and provide ideas for the revision of the implemented policies and suggest new tools for future developments. Since the IPA 2008 project is already under implementation, the risk of not having the needed effect is under control. In addition to that, ongoing is also the activity on the adjustment of the National Classification of Occupations with ISCO 2008 for around 600

occupations of the total of over 3000 occupation. The Ministry of Economy and Regional Development outsourced the Republic Statistical Office to carry out this assignment because of its expertise and this work will be finished in a few months. The work on the adjustment of the remaining occupations should be finished under this project. In component two, the training activities for LECs in drafting local employment action plans will precede these related to the preparation of grant applications (grant scheme for IPA component IV). Otherwise, project implementation is not dependent on any complicated sequencing of contracts. **The two contracts envisaged for the implementation of the project will run in parallel.**

### 3.6 Linked Activities

This project will be a logical continuation of the following projects:

*CARDS 2006 “Twinning project Support to the Development of National Employment Policy in Serbia”* which ended in February 2010. It was implemented in MERD and the twinning partner was German Federal Ministry of Labour and Social Affairs (BMAS). Among the most important project results is assistance provided for designing of NEAPs which will be the basis for this project to help establish the mechanism for monitoring and evaluation of annual employment policy cycle. The CARDS 2006 project was also used for capacity building exercise for local employment councils. This effort covered 16 LECs and with the proposed project these 16 LECs plus some new ones will be further strengthened.

*CARDS 2006 “Twinning Project Modernization of the National Employment Service”* was implemented in parallel with the above project with the German Federal Employment Agency as the twinning partner. This initiative was focused on the modernization of NES services and its information system. The project helped improve NES statistical reporting (by introducing new tables and upgrading quarterly, semi-annual and annual reports).

*IPA 2008 “NES Data Management and Forecasting”* has recently started and will end by the end of 2011. The envisaged results of this project are as follows: developed and improved methodology and internal research documents and LM forecasting, and monitoring and evaluation of ALMPs; Strengthened capacities of NES and MoERD staff for monitoring and forecasting of labour market trends and monitoring and evaluation of active labour market programmes; software systems for monitoring and forecasting of labour market trends and monitoring and evaluation of active labour market programmes implemented; LM analysis forecast reports and reports on the evaluation of active labour market programmes promoted in public and distributed to the MoERD, social partners and other stakeholders. Thus, the results of this project will be closely linked to the component three of the current project.

Other projects recently implemented in this area are as following:

*CARDS 2004 “Support to the Unemployed and Human Resources Development in Serbia”* in two pilot areas – Belgrade and Banat region. Through development and implementation of active labour market programmes focused on the needs of long-term unemployed persons, unemployed youth and the disabled persons, the project supported capacity building of NES and all relevant national and local actors to develop and provide training programmes based on the needs of employers and the analysis of labour market needs and trends. Having conducted labour market research NES officers became acquainted with the processes of surveying, data gathering and researching.

The project “*Forecasting Labour Market Trends*” was implemented in four pilot regions: Belgrade, Novi Sad, Kragujevac and Nis. The labour market research was conducted on a sample of 1400 enterprises from Belgrade, Nis and Novi Sad. This project was done by ESPI institute commissioned by the Ministry of Economy and Regional Development.

“*Youth Employment Promotion in Serbia*” project was implemented with assistance of International Labour Organisation and funds provided by the Government of Italy. This project dealt with improving the capacities of Serbian labour market institutions for dealing with youth unemployment. One of the most important project results was Youth Employment Action Plan (2009-2011) initiative for establishment of the Youth Employment Fund and activities related to better accessibility of employment related information to youth.

“*Support to National Efforts for the Promotion of Youth Employment and Management of Migration*” is implemented by four UN agencies (ILO, UNDP, UNICEF and IOM) with the resources of the Spanish MDG Fund. The project is aimed at integrating youth employment and migration goals into national development strategies; establishment of the mechanism for integrated employment and social services delivery; implementation of ALMPs for youth in three target districts: Belgrade, Pcinj and South Backa.

### **3.7 Lessons Learned**

Activities conducted with local employment councils under the CARDS 2006 twinning project “Support to the Development of National Employment Policy in Serbia” contributed to capacity building of 16 local employment councils. The activity indicated the strong need for their further capacity building in this area, particularly for drafting of local employment action plans. It also demonstrated the growing necessity for further capacity development in the area of EU employment policy in line with the EU integration process.

The capacity building exercise conducted through “*Youth Employment Promotion in Serbia*” project programme emphasised the various stages that are necessary to develop targeted youth employment programmes, and that is valid for ALMPs for other vulnerable groups as well: the importance of a correct diagnosis of the root causes of youth unemployment (mismatch between the skills level of jobseekers and the skills demanded by enterprises, low labour demand and the low job-search intensity caused by discouragement due to long unemployment spells) as well as the identification of groups facing multiple disadvantages in entering the labour market; the centrality of individualized employment counselling and job search assistance – underpinned by timely and reliable labour market information –to combat unemployment and ease the transition to work in a cost-effective manner; the need to combine different approaches and provide multiple-service interventions as a means to maximize employment and earnings outcomes for disadvantaged groups (on- and off-the job training combined with employment subsidies that simultaneously increase young people employability and provide them with work experience opportunities); and the requirement to continuously verify programme progress through monitoring and evaluation systems that allow measuring performance across individuals, programmes and regions.

#### 4 INDICATIVE BUDGET (amounts in M€)

Title: Preparation of Labour Market Institutions for European Employment Policy			TOTAL EXP.RE	SOURCES OF FUNDING									
				IPA EU CONTRIBUTION		NATIONAL CONTRIBUTION						PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a) = (b) + (c) + d)	EUR (b)	% (2)	Total EUR (c) = (x) + (y) + (z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)	
Activities 1 & 3													
contract 1.1 Twinning contract	X		2	2	100%								
Activity 2													
contract 2.1 Service contract	X		1,5	1,5	100%								
<b>TOTAL IB</b>			<b>3,5</b>	<b>3,5</b>	<b>100%</b>								
<b>TOTAL INV</b>													
<b>TOTAL PROJECT</b>			<b>3,5</b>	<b>3,5</b>	<b>100%</b>								

Amount net of VAT

(1) In the Activity row use “X” to identify whether IB or INV

(2) Expressed in % of the Total Expenditure (column (a))

## 5 INDICATIVE IMPLEMENTATION SCHEDULE

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1	T + 1Q	T + 4Q	T + 12Q
Contract 1.2	T + 1Q	T + 4Q	T + 12Q

## 6 CROSS CUTTING ISSUES

### 6.1 Equal Opportunity

The project will contribute to the improvement of monitoring of gender equality and vulnerable groups in all NES activities. This aspect will be integrated into each of the project tasks as a cross-cutting issue, especially when it comes to the Labour Market Information System and planning, monitoring and evaluation of Active Labour Market Measures. The aspect of equal opportunities will be integrated into the inclusion of the unemployed in Active Labour Market Measures.

### 6.2 Environment

This project is harmonized with the national environmental regulations and standards. It will not have any negative impact on the environment, nor jeopardize environment, health and security in the future. The Project will be delivered in the most environmentally friendly way possible, including recycling of paper, etc.

### 6.3 Minorities

This project will have an impact on better tailoring employment services to the specific needs of the disadvantaged population groups where minorities belong. The purpose is to increase the inclusion of minorities and vulnerable groups into the labour market. The project activities will particularly address this issue in component three which will be aimed at analysing labour market situation for purpose of designing ALMPs better adjusted to groups with special needs. Component two will also improve creation of local employment policies with better consideration of local labour market characteristics with a special focus on specific features of the unemployed in the local markets.

## **ANNEXES**

- I. Logframe in Standard Format
- II. Indicative amounts contracted and Disbursed per Quarter over the full duration of Programme
- III. Description of Institutional Framework
- IV. Reference to laws, regulations and strategic documents:
  - Reference list of relevant laws and regulations
  - Reference to AP /NPAA / EP / SAA
  - Reference to MIPD
  - Reference to National Development Plan
  - Reference to national / sectoral investment plans
- V. Details per EU funded contract

## ANNEX I: LOGICAL FRAMEWORK MATRIX

<b>LOGFRAME PLANNING MATRIX FOR PROJECT FICHE:</b>		<b>Programme name and number:</b>	
Preparation of Labour Market Institutions for European Employment Policy		Contracting period expires 2 years after the signature of the Financing Agreement	Disbursement period: expires 5 years after the signature of the Financing Agreement
		<b>Total budget:</b> EUR 3.5 million	<b>IPA budget:</b> EUR 3.5 million
		<b>Overall objective</b>	<b>Objectively verifiable indicators</b>
<b>TO SPEED UP LABOUR MARKET REFORM IN LINE WITH THE EU STANDARDS</b>	Increased number of unemployed covered by Active Labour Market Policies (ALMPs) Better targeting of vulnerable population groups with ALMPs	<ul style="list-style-type: none"> <li>• Report on NEAP implementation</li> <li>• NES reports</li> </ul>	
<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<b>TO IMPROVE THE IMPACT OF SERBIAN EMPLOYMENT POLICY</b>	<p>European policies and practices integrated into national policies &amp; documents: (NEAPs, Reports on NEAPs implementation, Performance Agreement, NES annual Plan of Activity)</p> <p>Recommendations provided on modifying current measures or replacing them with more adequate ones</p> <p>Number of NES BOs using the monitoring and evaluation system for ALMPs</p> <p>Number of NES BOs using short-term forecasting system</p> <p>Provided guidelines for establishment of the system of mid- and long-term forecasts in MoERD's Sector for Employment</p> <p>Established evidence-based employment policy creation</p> <p>Number of LECs whose members were trained</p> <p>Number of members of LECs who completed training</p> <p>Number of Local Employment Action Plans (LEAPs) devised</p>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• NEAPs</li> <li>• Report on NEAP implementation</li> <li>• Performance Agreement</li> <li>• NES annual Plan of Activity</li> <li>• NES annual Report on the implementation of Activity Plan</li> <li>• Reports on evaluation of ALMPs effect</li> <li>• Reports on short term LM forecasts</li> <li>• Guidelines for establishment of the</li> </ul>	<ul style="list-style-type: none"> <li>• Continued Government commitment to labour market reform.</li> <li>• Employment policy continues to be considered one of the key strategic priorities of the country</li> <li>• Established monitoring and evaluation system prepared through IPA 2008 project</li> <li>• Established short-term forecasting system in NES through IPA 2008 project</li> <li>• Motivation and availability of LEC members to take part in</li> </ul>

	Number of projects prepared	system of LM mid- and long-term forecasts LEAPs	the process
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Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<b>Results related to component 1. Improve the design and implementation of Serbian employment policy in line with ‘EUROPE 2020’ which includes employment strategy</b>			
1. Strengthened capacity of NES and MoERD Sector for Employment officials and staff in European Employment Strategy	<p><b>Indicators related to result 1:</b></p> <ul style="list-style-type: none"> <li>• Conducted learning needs analysis for Sector for Employment and NES staff by month 6 of project implementation</li> <li>• Designed staff development plan with guidelines for the future development plans by the end of project implementation</li> <li>• Number of staff in MoERD and NES who attended the workshops and study tours on the EU instruments and mechanisms used for the implementation of employment policy by the end of project implementation</li> <li>• Recommendations for employment promotion of vulnerable groups produced by the end of project implementation</li> <li>• Recommendation for introducing other ALMPs produced by the end of project implementation</li> <li>• Number of NES staff who attended information seminars on EU funded employment policies by the end of project implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Gap analysis report</li> <li>• staff development plan and training evaluation</li> <li>• Project reports</li> <li>• Exit tests</li> <li>• Study tour reports</li> <li>• Manual for staff development in Sector for Employment</li> <li>• NEAP</li> </ul>	<ul style="list-style-type: none"> <li>• Motivation of staff to accept new obligations arising from EU integration</li> <li>• Readiness of staff to incorporate new practices into regular work activities</li> <li>• Sufficient administrative capacities</li> </ul>
2. Recommendation on the harmonisation of the employment regulations in line with EU laws provided <sup>14</sup>	<p><b>Indicators related to result 2:</b></p> <ul style="list-style-type: none"> <li>• Number of staff MoERD and NES participated in consultations on EU directives and regulation in the area of employment by the end of project implementation</li> <li>• Number of MoERD and NES non-legal staff that have</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• Comparative analysis of national and EU regulations document/report</li> </ul>	<ul style="list-style-type: none"> <li>• Motivation of staff to accept new obligations arising from EU integration</li> <li>• Readiness of staff to incorporate new practices into work</li> </ul>

<sup>14</sup> In line with the obligations to harmonise the national laws with EU laws in the EU integration process.

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
	<p>participated in the seminars on the content of the directives and regulation governing the area of employment by the end of project implementation</p> <ul style="list-style-type: none"> <li>• Number of MoERD Sector for Employment and NES staff who attended seminars on EU state aid laws related to employment area</li> <li>• Number of MoERD and NES -legal staff that have participated in seminars for making comparative analysis and adjustment of national employment legislation with EU regulation by the end of project implementation</li> <li>• Recommendations provided for adjusting national legislation by the end of project implementation</li> </ul>		
3. MoERD staff capacity built for drafting of the Serbian Joint Assessment Paper	<p><b>Indicators related to result 3:</b></p> <ul style="list-style-type: none"> <li>• Number of MoERD staff participated in workshops on the contents of the meaning and purpose of JAP by the end of project implementation</li> <li>• Working group established for JAP draft preparation by month 6 of project implementation</li> <li>• LM situation analysis (gap analysis) and employment policy analysis completed by the end of project implementation</li> <li>• Draft JAP prepared</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• Working group meeting minutes</li> <li>• LM situation analysis (gap analysis) and employment policy analysis document</li> </ul>	<ul style="list-style-type: none"> <li>• Serbia will have been granted EU candidate status<sup>15</sup></li> <li>• Available national staff who will take part in the preparation of JAP</li> <li>• Motivation and availability of stakeholder (social partners, other line ministries) to take part in the process</li> </ul>
<b>Results related to component 2. Build capacities of local employment councils (LECs) to prepare and implement local employment action plans and create a project pipeline</b>			
4. Local Employment Councils capable of interpreting data on labour market needs and developing coordinated responses to unemployment	<p><b>Indicators related to result 4:</b></p> <ul style="list-style-type: none"> <li>• Members of at least 20% of existing LECs completed trainings in interpretation and use of information on LM situation obtained from different sources by the end of</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> </ul>	<ul style="list-style-type: none"> <li>• Motivation and availability of local stakeholders, LECs members to take part in</li> </ul>

<sup>15</sup> The expectations are that RS will be granted the EU candidate country status by the end of 2011.

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
	<p>project implementation</p> <ul style="list-style-type: none"> <li>Members of at least 20% of existing LECs completed trainings in employment policy cycle and employment action planning methods by the end of project implementation</li> </ul>		the process
5. Local Employment Councils capable of developing and steering the implementation of Local Employment Action Plans in line with local LM situation	<p><b>Indicators related to result 5:</b></p> <ul style="list-style-type: none"> <li>Number of Local Employment Action Plans prepared in line with the National Employment Action Plan and specific characteristics of the local labour markets by the end of project implementation</li> <li>Members of at least 20% of existing LECs prepared to steer the implementation of the specific active measures stipulated by the LEAP by the end of project implementation.</li> </ul>	<ul style="list-style-type: none"> <li>Project reports</li> <li>LEAPs</li> </ul>	<ul style="list-style-type: none"> <li>Local government support</li> </ul>
<b>Results related to component 3. Embed forecasting, monitoring and evaluation in the design and implementation of active labour market policies</b>			
6. NES branch offices (BOs) use methodologies for monitoring and evaluation of ALMPs and forecasting LM trends, created through IPA2008 project	<p><b>Indicators related to result 6:</b></p> <ul style="list-style-type: none"> <li>Number of NES BOs that conducted evaluations of ALMPs by month 9 of project implementation</li> <li>Number of conducted evaluations of ALMPs by month 9 of project implementation</li> <li>Number of ALMPs evaluated by month 9 of project implementation</li> <li>Number of Evaluation Reports on ALMPs effect produced by month 9 of project implementation</li> <li>Number of members of Employers` Associations, trade unions and other stakeholders who attended the workshops by month 9 of project implementation</li> <li>Number of conducted employer surveys on future staff and qualifications required by month 12 of project implementation</li> <li>Number of Reports on short term LM forecasts produced for local and national level by month 15 of project</li> </ul>	<ul style="list-style-type: none"> <li>Project reports</li> <li>Evaluation Reports on ALMP effect</li> <li>Technical report on conducted survey</li> <li>Reports on short term LM forecasts</li> <li>Annual activity plans of NES BOs</li> </ul>	<ul style="list-style-type: none"> <li>Established M&amp;E system through IPA 2008 project</li> <li>Established short term forecasting system in NES through IPA 2008 project</li> <li>Motivation of staff to adapt systematic approach to monitoring evaluation of labour market measures and forecasting of labour market trends</li> <li>Motivation of staff to conduct employers survey</li> <li>Motivation and readiness of employers, trade unions and other stakeholders to participate in labour</li> </ul>

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
	implementation <ul style="list-style-type: none"> <li>• Number of NES staff trained in profiling the unemployed at highest risk of LM exclusion and matching them to available ALMPs by the end of project implementation</li> <li>• Number of ALMPs adjusted to the needs of vulnerable groups by the end of project implementation</li> <li>• Number of annual activity plans of NES BOs adjusted to local LM needs by the end of project implementation</li> </ul>		market surveys <ul style="list-style-type: none"> <li>• Readiness of staff to incorporate new practices into work</li> </ul>
7. Commenced establishment of the system of mid- and long-term forecasts and MoERD Sector for Employment officials and staff prepared for using the results of monitoring, evaluation and forecasting for the formulation of evidence-based employment policy	<b>Indicators related to result 7:</b> <ul style="list-style-type: none"> <li>• Number of MoERD staff trained in using the results of analyses of ALMPs for employment policy creation by the end of project implementation</li> <li>• Number of MoERD staff trained for producing mid- and long-term forecasts by the end of project implementation</li> <li>• Established procedure for coordinated activities between NES and MoERD in this area by the end of project implementation</li> </ul>	<ul style="list-style-type: none"> <li>• NEAP</li> <li>• Quarterly reports of NEAP implementation</li> <li>• Annual report on the implementation of NEAP</li> <li>• Procedure for coordinated activities in NES and MoERD in this area</li> </ul>	<ul style="list-style-type: none"> <li>• Motivation of staff to adapt systematic approach to forecasting of labour market trends and monitoring evaluation of labour market measures</li> <li>• Readiness of staff to incorporate new practices into work</li> </ul>
8. Annual NEAPs designed, implemented and evaluated	<b>Indicators related to result 8:</b> <ul style="list-style-type: none"> <li>• Number of staff trained in methods of <i>ex-ante</i> evaluation of first draft NEAP by month 15 of project implementation</li> <li>• Conducted <i>ex ante</i> evaluation of draft NEAP by the end of project implementation</li> <li>• Number of quarterly reports of NEAP implementation by the end of project implementation</li> <li>• Conducted <i>ex post</i> evaluation of NEAP by the end of project implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• Working group meeting minutes</li> <li>• Ex-ante evaluation of draft NEAP</li> <li>• Ex-post evaluation of NEAP</li> <li>• Quarterly reports of NEAP implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Working group for NEAP active</li> <li>• Motivation of staff to accept new obligations arising from EU integration</li> <li>• Motivation of staff to accept systematic approach in defining employment policy</li> <li>• Readiness of staff to incorporate new practices into work</li> </ul>

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
9. National Classification of Occupations adjusted to ISCO 08 standards	<p><b>Indicators related to result 9:</b></p> <ul style="list-style-type: none"> <li>• More than 2400 remaining occupations described and ready for integration into National Classification of Occupations by the end of project implementation</li> <li>• National Classification of Occupations in line with ISCO 08 by the end of project implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• National Classification of Occupations document</li> </ul>	<ul style="list-style-type: none"> <li>• Working group for Classification of Occupation exists</li> <li>• 600 new descriptions (previously developed) of occupations in use for some time and gaps identified</li> </ul>

Activities	Means & Costs	Assumptions
<b>Activities related to component 1. Improve the design and implementation of Serbian employment policy in line with ‘EUROPE 2020’ which includes employment strategy</b>		
<p><b>Activities related to result 1:</b></p> <ol style="list-style-type: none"> <li>1. Plan and organise a series of training, seminars and workshops for MoERD Sector for Employment and NES officials and staff, facilitated by EU member state experts aimed at presenting approaches and instruments used on the EU level for coordination of members states’ employment policies;</li> <li>2. Conduct workshops for MoERD Sector for Employment and relevant NES officials and staff on the contents of the new EU 2020 Strategy<sup>16</sup>.&amp; EU Annual ‘Employment Package’;</li> <li>3. Organise exchange of experience (including study tours) between relevant MoERD Sector for Employment and NES staff and Member States employment policy experts on measures for tackling LM integration of different groups of vulnerable population;</li> <li>4. Establish a mechanism for coordination of the national employment policy and EU funded instruments (future National Reform Program and European Social Fund activities), including help to staff with identification of the priority interventions;</li> <li>5. Provide assistance to the MoERD Sector for Employment and relevant NES officials and staff to derive recommendations on the introduction of new and innovative measures used in the member states’ employment policies that could be introduced into national policy;</li> <li>6. Raising awareness of NES staff about EU funded employment policies and learning about EU best practices.</li> </ol> <p><b>Activities related to result 2:</b></p> <ol style="list-style-type: none"> <li>7. Organise consultations for NES and MoERD legal units staff with MS experts dealing with EU employment legislation, on currently applicable EU law and their implementation at national level;</li> </ol>	<p>One Twinning Contract (for Component 1 and 2) Budget: EUR 2 million</p>	<p>Motivation of staff to accept new obligations arising from EU integration</p> <p>Readiness of staff to incorporate new practices into work</p> <p>Sufficient administrative capacities</p> <p>Motivation of staff to accept new obligations arising from EU integration</p> <p>Readiness of staff to incorporate new practices into work</p> <p>Sufficient administrative capacities</p> <p>Available national staff who will take part in the preparation of JAP</p> <p>Motivation and availability of stakeholder (social partners,</p>

<sup>16</sup> The EU Lisbon Programme, Employment targets of the Lisbon Strategy after 2010 including new Employment Guidelines; quantitative Targets and Benchmarks of the employment guidelines, latest Joint Employment Report, Employment targets of the Lisbon Strategy, National Reform Programmes, latest Joint Implementation Report, Recommendations of the Council, EU annual progress report (closed cycle of European employment policy).

Activities	Means & Costs	Assumptions
<p>8. Organise seminars for MoERD Sector for Employment and NES staff on EU state aid laws related to employment area;</p> <p>9. Conduct a comparative analysis of national and EU regulations, with recommendations for transposing elements of EU laws into national laws;</p> <p>10. Develop the capacity of non-legal staff of the Sector for Employment and NES on the EU laws governing the employment area.</p> <p><b>Activities related to result 3:</b></p> <p>11. Organise workshops for all staff aimed at understanding the meaning and purpose of JAP;</p> <p>12. Establish a WG (consisting of relevant stakeholders) that will be assigned to JAP preparation;</p> <p>13. Convene regular WG meetings with a view to gather all the necessary information and guidelines to prepare JAP;</p> <p>14. Conduct LM situation analysis (gap analysis), and employment policy analysis including employment challenges and priorities;</p> <p>15. Prepare draft JAP;</p> <p>16. Provide coordination with WG for Joint Inclusion Memorandum (JIM) in order to harmonise recommendations.</p>		<p>other line ministries) to take part in the process</p>
<b>Activities related to component 2. BUILD CAPACITIES OF LOCAL EMPLOYMENT COUNCILS (LECS) TO PREPARE AND IMPLEMENT LOCAL EMPLOYMENT ACTION PLANS</b>		
<p><b>Activities related to result 4:</b></p> <p>17. Train LEC members to interpret and use information on LM situation gained from NES BOs and other sources</p> <p>18. Train LEC members in employment policy cycle and employment action planning methods;</p> <p>19 .Support establishment of LECs networks – promote clusters of LECs, where appropriate, based on analysis of the local conditions.</p>		<p>LM situation analysis on the local level exists</p> <p>Motivation and availability LECs members to take part in the process</p>
<p><b>Activities related to result 5:</b></p>		<p>Motivation and availability</p>

Activities	Means & Costs	Assumptions
<p>20. Support preparation of Local Employment Action Plans (LEAPs) in line with the National Employment Action Plan and specific characteristics of the local labour markets;</p> <p>21. Support LECs members to steer the implementation of the specific active measures stipulated by the LEAP;</p> <p>22. Work with individual LECs to identify intervention needs for future IPA IV funding.</p>		<p>LECs members to take part in the process</p> <p>Local government support</p>
<p><b>Activities related to component 3. Embed forecasting, monitoring and evaluation in the design and implementation of active labour market policies</b></p>		
<p><b>Activities related to result 6:</b></p> <p>23. Provide assistance to NES staff for conducting evaluation of all ALMPs in all NES BOs in line with the results of IPA 2008 project;</p> <p>24. Organise workshops for members of employers associations, trade unions and other stakeholders to raise their awareness and encourage them to participate in labour market surveys <sup>17</sup>;</p> <p>25. Conduct employer survey on future staff needs and qualifications required on the territory covered by all NES BOs in line with the methodology adopted through IPA 2008 project;</p> <p>26. Provide assistance to NES staff to produce semi-annual/annual evaluation reports on ALMPs effect and forecasting reports, on local and national levels;</p> <p>27. Design and implement a training program for NES staff in profiling the unemployed at highest risk of LM exclusion and matching each unemployed individual with ALMP the best suited to his/her specific needs;</p> <p>28. Provide assistance to NES BOs to adjust and implement their annual plans of work in accordance with local labour market needs.</p>	<ul style="list-style-type: none"> <li>Budget: 1,5 MEUR (One Service contract for Component 3)</li> </ul>	<p>Motivation of staff to adapt systematic approach to monitoring evaluation of labour market measures and forecasting of labour market trends</p> <p>Motivation and readiness of employers, trade unions and other stakeholders to participate in labour market surveys</p> <p>Readiness of staff to incorporate new practices into work</p> <p>Motivation of staff to adapt systematic approach to forecasting of labour market trends and monitoring evaluation of labour market measures</p>

<sup>17</sup> Currently employers are not aware that without their input NES cannot conduct forecasting (learn about their future recruitment, skills and knowledge needs). In that sense, trade unions and employers' associations must be mobilised to help provide this input form employers.

Activities	Means & Costs	Assumptions
<p><b>Activities related to result 7:</b></p> <p>29. Plan, organise and conduct a series of trainings, seminars and workshops for MoERD staff, Sector for Employment, on the use of the results of the M&amp;E system;</p> <p>30. Plan, organise and conduct a series of trainings, seminars and workshops for MoERD staff, Sector for Employment, for producing mid- and long-term forecasts, with active participation of research institutes that will provide the expertise;</p> <p>31. Provide assistance to establish a mechanism for coordination between NES and MoERD Sector for Employment for purposes of mid- and long-term forecasts;</p>		
<p><b>Activities related to result 8:</b></p> <p>32. Provide further assistance to the working group for NEAP<sup>18</sup> to steer the action plan design process;</p> <p>33. Design and implement a training program for MoERD Sector for Employment staff in methods of <i>ex ante</i> evaluation of NEAP and provide assistance to carrying out <i>ex ante</i> evaluation of draft NEAP;</p> <p>34. Establish the indicators for monitoring NEAP on the basis of EU indicators;</p> <p>35. Provide assistance to the MoERD Sector for Employment staff to produce annual report on the implementation of NEAP in line with the reporting obligations of EU member states;</p> <p>36. Establish the quarterly level reporting system on the implementation of NEAP that would feed into <i>ex post</i> evaluation for the next cycle.</p>		<p>Readiness of staff to incorporate new practices into work</p> <p>Motivation of staff to accept new obligations arising from EU integration</p> <p>Motivation of staff to accept systematic approach in defining employment policy</p> <p>Readiness of staff to incorporate new practices into work</p>
<p><b>Activities related to result 9:</b></p> <p>37. On the basis of the gaps identified when using the new 600 descriptions of occupations in practice adjust the questionnaires for conducting the research for the remaining over 2400 occupations;</p>		<p>600 new descriptions (previously developed) of occupations in use for some time and gaps identified</p>

<sup>18</sup> This working group on employment matters was established under the Twinning project “Support to the Development of National Employment Policy“ for purposes of NEAP development. This WG should serve as constant support for the Sector’s responsible, ensuring an efficient work on policy options and choices and strengthened and meaningful stakeholders’ consultation

Activities	Means & Costs	Assumptions
<p>38. Conduct the research on occupations on a sample of employers;</p> <p>39. Provide further assistance to the working group for National Classification of Occupations;</p> <p>40. Classify the occupations in line with ISCO 08;</p> <p>41. Develop a system for updating National Classification of Occupations.</p>		

**ANNEX II: INDICATIVE AMOUNTS (IN MEUR) CONTRACTED AND DISBURSED BY QUARTER FOR THE PROJECT.**

<b>Contracted</b>	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Total
Contract 1.1	2.0									<b>2.0</b>
Contract 1.2	1.5									<b>1.5</b>
<b>Cumulated</b>	<b>3.5</b>									<b>3.5</b>
<b>Disbursed</b>	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Total
Contract 1.1	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	<b>0.2</b>	<b>2.0</b>
Contract 1.2	0.3	0.26		0.26		0.26		0.26	<b>0.15</b>	<b>1.5</b>
<b>Cumulated</b>	<b>0.7</b>	<b>1.16</b>	<b>1.36</b>	<b>1.82</b>	<b>2.02</b>	<b>2.48</b>	<b>2.68</b>	<b>3.14</b>	<b>3.5</b>	<b>3.5</b>

### **ANNEX III: DESCRIPTION OF INSTITUTIONAL FRAMEWORK**

The competence for employment policy lies within the Ministry of Economy and Regional Development under the Law on Ministries. Employment Sector within this Ministry is responsible for tackling employment issues through the National Employment Service, a key instrument for implementation of employment policy.

National Employment Service is in charge of the administration of unemployment registration and unemployment insurance, job matching, jobseeker advice and vocational counselling, further education and training, and working licences and employment abroad. Beside these tasks, National Employment Service is responsible for organization, administrative affairs, financial affairs, general affairs and other activities in the area of employment and unemployment insurance, according to the Law, Statute and other bylaws of the NES.

The laws governing the area of employment are The Law on Employment and Unemployment Insurance and the Law on Vocational Training and Employment of the Disabled passed in 2009. The Law on Employment and Unemployment Insurance stipulates the obligation for adoption of annual National Employment Action Plans in line with the National Employment Strategy. The law also regulates the planned performance of the National Employment Service and stipulates the obligation for monitoring and evaluating active employment policy, as well as forecasting of future employers' needs. The law provides for stimulating mechanisms for more active involvement of the province, that is local self-government in the implementation of active employment policy.

The Law on Vocational Rehabilitation and Employment of Persons with Disabilities completely redefines the relations of persons with disabilities as potential employees and their working environment, that is, employers. The novelties it introduces are as follows: determination of the status of a person with disability; assessment of working capacity and employment prospects of each individual person with disability, in line with the EU criteria; defining vocational rehabilitation, particular measures and activities, as well as main actors implementing these operations; measures of active employment policy for PwD; obligation to employ PwD imposed on all employers in a certain number as compared to the total number of employees; employment of PwD under special conditions – in enterprises for vocational rehabilitation and employment of PwD, social enterprises and organisations or work centres.

Other institutions that will benefit from or be directly involved in the Project are:

- Ministry of Labour and Social Policy,
- Ministry of Education,
- Republic Statistical Office,
- Trade Unions,
- Employer Associations.

#### **ANNEX IV: REFERENCE TO LAWS, REGULATIONS AND STRATEGIC DOCUMENTS:**

Relevant Serbian legislation and other documents relevant for the project are:

- The Law on Employment and Unemployment Insurance;
- The Law on Vocational Rehabilitation and Employment of People with Disabilities;
- National Employment Action Plan 2006-2008;
- NES Change Strategy 2010.

## ANNEX V – DETAILS PER EU FUNDED CONTRACT

Activities: 1-27 (Project Component I and II) will be implemented by one Twinning contract.  
 Activities: 28-41 (Project Component III) will be implemented by one Service contract.

<b>Modalities of implementation of project</b>	
<b>Results related to COMPONENT I and COMPONENT II</b>	<b>Type of Contract (2 MEUR)</b>
<p><b>Result 1:</b> Strengthened capacity of NES and MoERD Sector for Employment officials and staff in European Employment Strategy</p> <p><b>Result 2:</b> Recommendation on the harmonisation of the employment regulations in line with EU regulations provided.</p> <p><b>Result 3:</b> MoERD staff capacity built for drafting of the Serbian Joint Assessment Paper (JAP).</p> <p><b>Result 4:</b> Local Employment Councils capable of interpreting data on labour market needs and developing coordinated responses to unemployment.</p> <p><b>Result 5:</b> Local Employment Councils capable of developing and implementing Local Employment Action Plans in line with local LM situation.</p>	<p><b>Twinning Contract</b></p> <p>LNA will first be conducted on the basis of which RTA will organise capacity building activities for NES and MoERD staff in the area of European Employment Strategy and EU instruments and mechanisms used for coordination of member states' employment policies and laws. WG for JAP will be established and steered in the preparation of this document under this component. RTA will also be responsible for organising capacity building activities for local stakeholders with a view to preparing local employment action plans.</p>
<b>Results related to COMPONENT III</b>	
<p><b>Result 6:</b> NES branch offices (BOs) using methodologies for monitoring and evaluation of ALMPs and forecasting LM trends, created through IPA 2008 project.</p> <p><b>Result 7:</b> Commenced establishment of the system of mid- and long-term forecasts and MoERD Sector for Employment officials and staff prepared for using the results of monitoring, evaluation and forecasting for the formulation of evidence-based employment policy.</p> <p><b>Result 8:</b> Annual NEAPs designed, implemented and evaluated.</p> <p><b>Result 9:</b> National Classification of Occupations adjusted to ISCO 08 standards.</p>	<p><b>Service Contract (1,5 MEUR)</b></p> <p>At the beginning of the project evaluation of ALMPs will be conducted. On the basis of the evaluated impact, NES and MoERD staff will be trained to use the results of prepared analyses for evidence-based employment policy and for adjusting ALMP programmes. Results of the conducted forecasting activities will also be used for future planning of employment policy. Work on adjusting the National Classification of Occupations will also be conducted under the service contract.</p>