

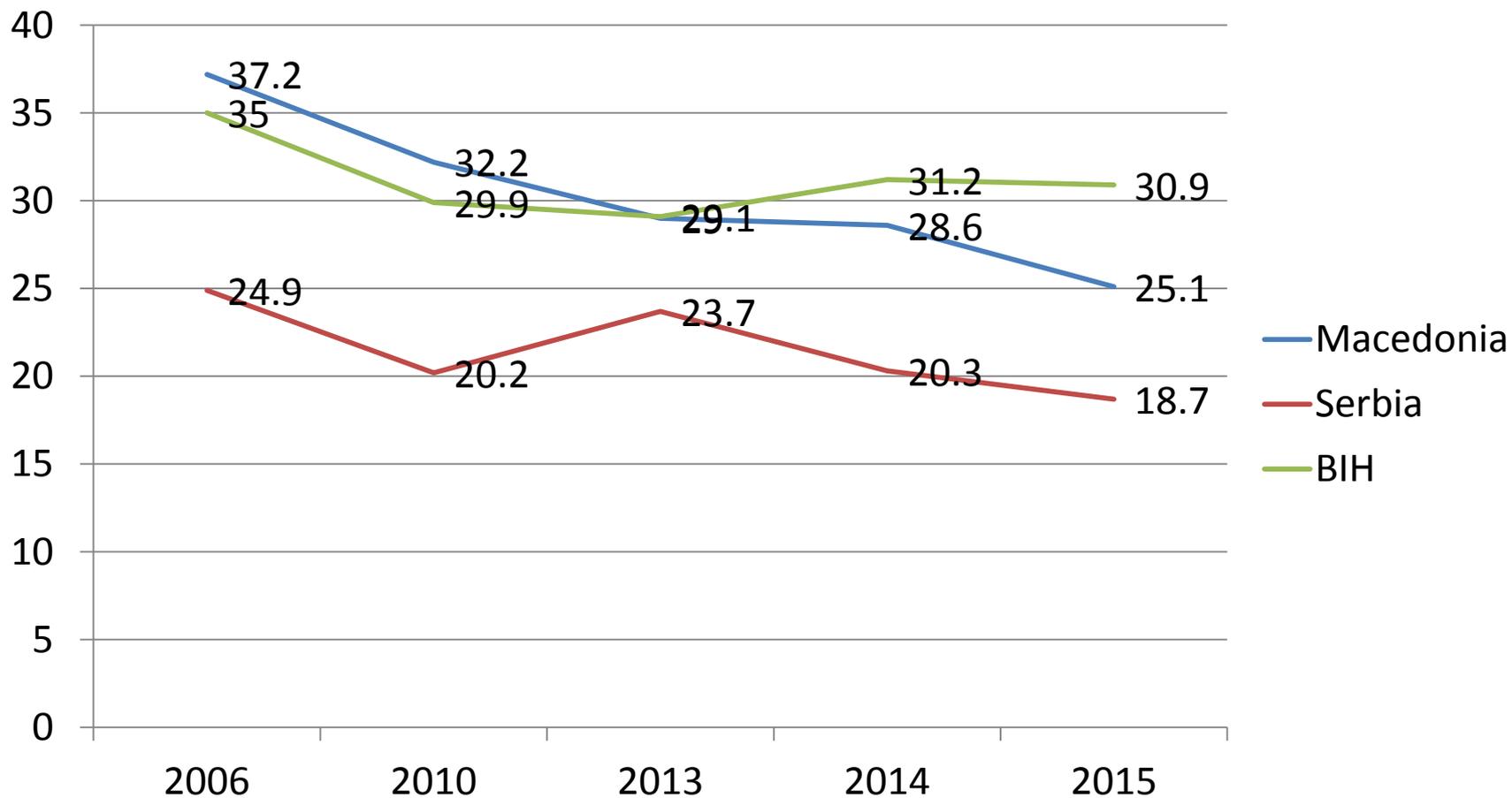
A job for the unemployed: Challenges for activation policies in the Western Balkans

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Maja Gerovska Mitev
Faculty of Philosophy
Ss. Cyril and Methodius University, Skopje
www.fzf.ukim.edu.mk

Unemployment trends in the Western Balkans



Interest for ALMP in the Western Balkans

- Mid 2000s first national action plans for employment/activation measures (MK/SRB);
- The role of IGO's (World Bank – workfare; EU – activation through national action plans for employment);
- Emphasized workfare vs. activation (vulnerable do not benefit extensively from activation);
- Limited funding as % of GDP: 0.12% in Macedonia, 0.15% in BIH, less than 0.2% in Serbia.

IS ALMP (IN WESTERN BALKANS) WORTH IT?

- Investment in ALMP is not inherently a good thing (D. Clegg, 2016).
- “In Serbia, ALMP who are targeting unskilled adults have shown much stronger positive effects in comparison with the programmes engaging predominantly skilled unemployed” (Arandarenko, 2015).
- In Macedonia “wage subsidy program and training in deficient occupations are not bringing positive effects to the participants..., programs are not effective in enhancing the skills of the participants” (Mojsoska-Blazevski and Petreski, 2015).
- In Bosnia, the effects of the existing ALMP`s are not fully known, as current mechanisms for monitoring and evaluation, measure the effects of the program at the level of outcomes (number of employees through programs at the expiration of the grant contract), but not the level of long-term impact on the BiH labor market (Analytika, 2016).

Registered unemployment in the Western Balkans

Table 1: Registered unemployed in the Western Balkans

	Number of registered unemployed – Dec. 2016 (administrative data/Employment Agencies)	% of active population 15-64 (LFS 2015)
Serbia	700 947	23.3%
Macedonia	200 773 (active job seekers + other unemployed)	21.0%
Bosnia and Herzegovina	518 034 (July 2016)	48.2%

Source: National Employment Services (Serbia, Macedonia, BIH, 2016) and LFS (2016) for Serbia, Macedonia and BIH

Table 2: Educational qualifications of the registered unemployed in the Western Balkans

2016	% of registered unemployed	
	Qualified	Unqualified
Serbia (December)	68.3%	31.7%
Macedonia (active job seekers + other unemployed) (December)	53.3%	46.7%
Bosnia and Herzegovina (July)	71.3%	28.7%

Source: National Employment Services (Serbia, Macedonia, BIH, 2016)

Regulatory/ Administrative barriers in accessing ALMP

- “Soft” discrimination – changes in the Laws for Employment and Unemployment Insurance as of 2010 (Serbia), 2012 (Macedonia).
- Serbia: “Other persons looking for job” – can apply for job offers, but employers can not get financial support.
- Macedonia: “Other persons looking for job” – not in position to benefit from active labour market measures (only services).
- Tuning of legislation towards more activable unemployed, prevents use of long term strategies (literacy courses, vocational education) towards more vulnerable unemployed.

ALMP offer in Macedonia (2016)

		Total finances (% of all earmarked funding)	Estimated coverage - % of all registered unemployed	Estimated coverage - % of active job seekers
ALM MEASURES	1. Self-employment	36.2	0.63	1.22
	2. Subsidized employment	33.8	2.87	5.51
	3. Training (including trainings through subsidized employment)	22.9	3.05	5.86
	4. Public works	1.25	0.10	0.19
	5. Pilot programmes	3.40	0.10	0.19
	Subtotal:	97.5	<u>6.76</u>	13.0
ALM SERVICES	6. Employment services	1.99	12.1	23.15
Total	ALM measures + ALM services	99.5	18.8	36.1

Source: Ministry of Labour and Social Policy, Operational plan for active labor market programs, measures and services in 2016.

ALMP offer in Serbia (2016)

	Total finances (% of all earmarked funding)	Estimated coverage - % of all registered unemployed
1. Active Job Search	0.10	15.37
2. Additional Education and Training	30.7	1.37
3. Employment Subsidies	40.0	0.98
4. Public Works	25.5	0.98
Total	96.3	18.7

Source: National Employment Service, Annual Report for 2016.

Types of Active Labour Market Policy

Investment in human capital

*Pro-market
employment orientation*

None

Weak

Strong

Weak

(passive benefits)

Occupation

Job creation schemes;
Non-employment, short
training courses.

Strong

**Incentive
Reinforcement**

Tax credits, in work benefits
Time limits on reciprocity
Benefit reductions
Benefit conditionality

Employment assistance

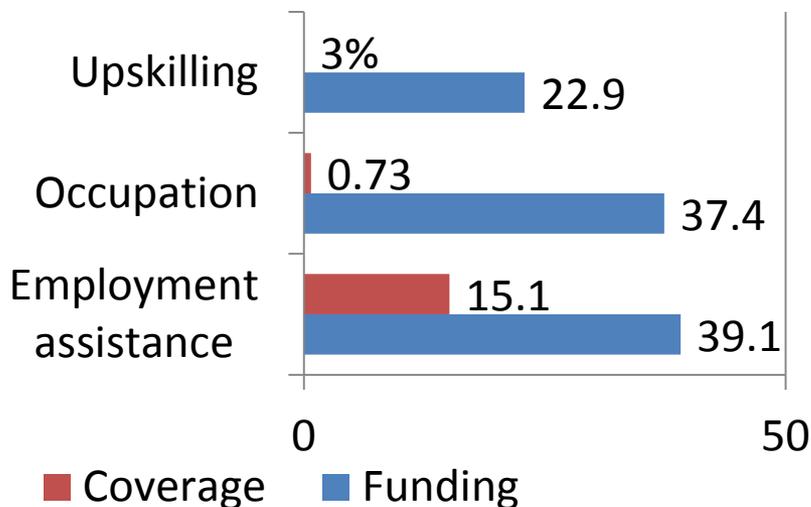
Placements services
Job subsidies
Counseling
Job search programs

Upskilling

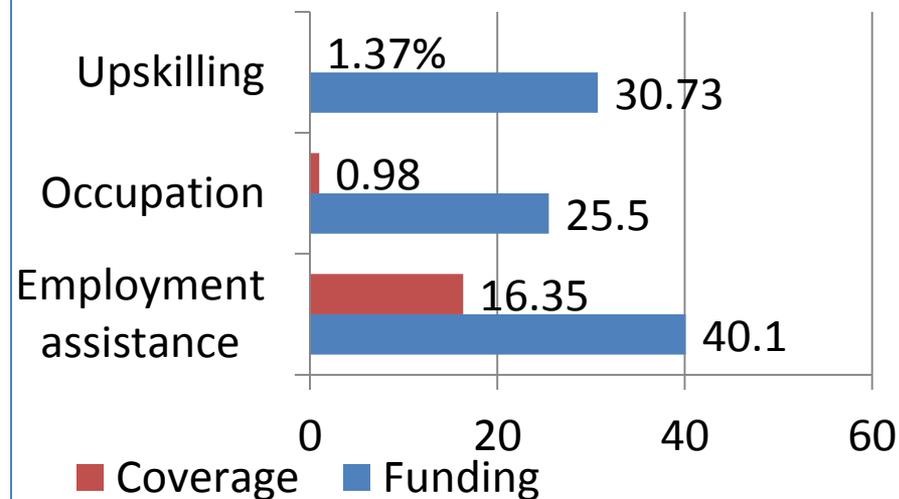
Job-related
vocational
training

Regional style of ALMP creation

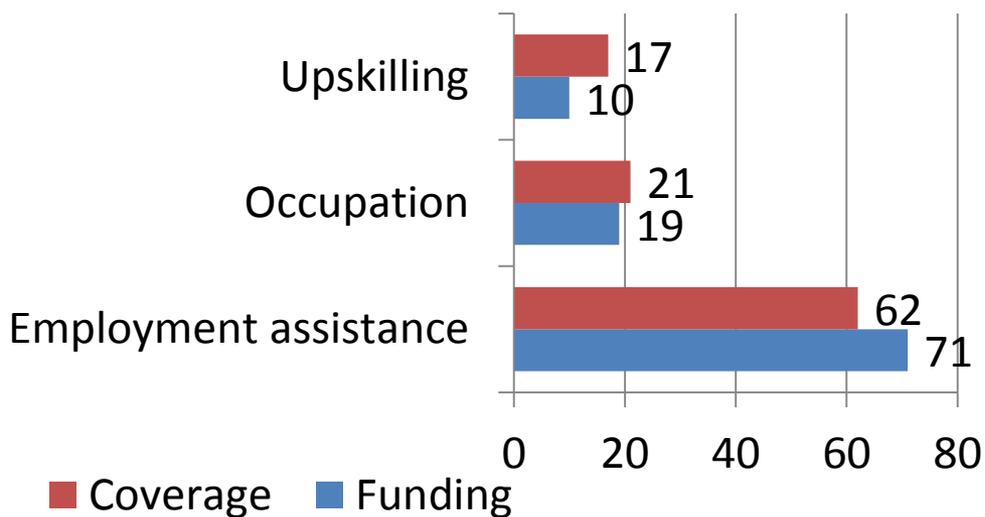
MACEDONIA, 2016



SERBIA, 2016



BIH, 2015



Regional (WB) type of ALMP

INVESTMENT IN HUMAN CAPITAL

**PRO-MARKET
EMPLOYMENT
CREATION**

		NONE	WEAK	STRONG
	WEAK		<u>Occupation</u> MK RS BIH	
	STRONG	<u>Incentive reinforcement</u>	<u>Employment assistance</u> MK RS BIH	<u>Upskilling</u> RS (limited) MK (-II-) BIH (-II-)

Adapted from: Bonoli, 2010.

Vulnerable unemployed according to ALMP measures in the Western Balkans

Macedonia	Serbia	Bosnia
Young unemployed up to 29 years of age, with low educational attainment	Young people up to 30 years of age	Young people without working experience and women
Victims of family violence	Older workers 50+	Long term unemployed
Children without parents and parental care	Redundant workers	Demobilised soldiers and children of unemployed demobilised soldiers
Homeless people	Roma	Members of jobless households
Former drug addicts	Disabled people	Roma
Parents of street children/children on the streets	Persons without qualifications or with low educational attainment	Single parents, custodians, foster parents and their children, children of parents with special needs
Roma	Long-term unemployed	
Convicts after exit from penal institution	Women	Victims of violence: civil victims of war, family violence, treated addicts etc.
Long term unemployed	Internally displaced people	Older workers
Parents of three and more children	Social assistance beneficiaries	Disabled and work-able persons with mild and moderate disabilities, families of deceased veterans, children and spouses of people with disabilities (60% and more disabled)
Parents of children with disabilities	Single parents	
Social assistance beneficiaries	Jobless parents	
Disabled people		

Challenges

- In Western Balkans ALMP can be described as part of the welfare effort (transfers), rather than services.
- Negative effects of ALMP's: deadweight effect, cream-skimming effect, access bias for particular groups.
- De-incentivizing reinforcement: lack of integration and activation.
- Prevailing style of ALMP is focused on occupation and employment assistance, which identifies weak investment in human capital and stronger pro-market employment orientation.
- Current regional approach/style of ALMP creation does not affect structural unemployment (rather cyclical), and has only short-term goals.
- Politicized nature of ALMP's - 'symbolic' or 'placebo' measures (Richardson and Henning, 1984), with clientelistic elements.

References and notes:

- Slide 1, Source: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>
- Slide 8: Bonoli, G. (2010) The political economy of active labour market policy, REC-WP 01/2010, Working Papers on the Reconciliation of Work and Welfare in Europe, RECOWOWE Publication, Dissemination and Dialogue Centre, Edinburgh.
- Slide 9: Tables constructed according to the Bonoli (2010) classification of four ALMP types. Data for Macedonia and Serbia are for planned measures and spending in 2016, for Bosnia for realized spending in 2015. Sources for data: Macedonia – MLSP (2016) Operational Programme for Active Measures for Employment 2016, pp:78-80; Serbia – National Employment Service (2017) Annual Report for 2016, pp:17-18. Bosnia: Agencija za rad i zapošljavanje Bosne i Hercegovine, Federalni zavod za zapošljavanje FBiH, Zavod za zapošljavanje Republike Srpske i Zavod za zapošljavanje Brčko Distrikta BiH (2016) „Plan o smjernicama politika tržišta rada i aktivnim mjerama zapošljavanja u Bosni i Hercegovini za 2016. godinu”; Numanovic, A. et al. (2016) Weak Labour Markets, Weak Policy Responses: Active Labour Market Policies in Albania, Bosnia and Herzegovina and Macedonia , Sarajevo: Analitika – Center for Social Research.
- Slide 11: Macedonia – MLSP (2016) Operational Programme for Active Measures for Employment 2016, pp:78-80; Serbia – National Employment Service (2017) Annual Report for 2016, pp:17-18. Bosnia: Agencija za rad i zapošljavanje Bosne i Hercegovine, Federalni zavod za zapošljavanje FBiH, Zavod za zapošljavanje Republike Srpske i Zavod za zapošljavanje Brčko Distrikta BiH (2016) „Plan o smjernicama politika tržišta rada i aktivnim mjerama zapošljavanja u Bosni i Hercegovini za 2016. godinu”.