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► **Summary of the Findings and
Recommendations from the ILO
Functional Assessment and Time-Use
Exercise Report of the Employment
Agency of Montenegro (EAM)**



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In collaboration with:



British Embassy
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► Foreword

The Government of Montenegro has acknowledged the need to review and re-engineer existing institutional capacities to implement changes in employment and labour market policies. The experience of other economies suggests that it is possible, with sufficient political will and adequate technical knowledge, to transform institutions and create efficient policy delivery mechanisms within a short time span to promote and support effective labour market governance, which in turn promotes equity and the realization of fundamental rights at work for all citizens.

The ILO/EBRD Rapid Assessment of the Employment Impacts and Policy Responses to the Covid-19 pandemic highlights the importance of strengthening the role of the Employment Agency of Montenegro (EAM) in tackling the labour market challenges engendered by the pandemic.

This document summarizes the main findings and recommendations of the ILO Functional Assessment of the EAM and the Report on the time-use survey, which were completed in early 2020. **These reports identify the main elements of an overall strategy to modernize the EAM and make it a pillar of improved labour market governance in Montenegro.** Through the collaboration with the United Kingdom's Good Governance Fund, the ILO identified some priority entry-points to support the EAM reform and realize some efficiency gains in the short term and in response to the Covid-19 crisis. In the medium term, a comprehensive reform, based on the full set of agreed actions, needs to be implemented. Through the project "EAM 4.0", for instance, the Ministry of Labour and Social Welfare has allocated resources from the EU Integration Fund (EU-IF) to undertake some additional steps towards digitalization. Several accompanying interventions need to be realized, however, in order to sustain the impetus towards a modern and efficient employment service that is capable of responding to these challenging times.

Overview of the Employment Agency of Montenegro

- The responsibilities of the Agency are encompassed in *Law No 24 of 2019 (on employment mediation and rights during unemployment)*. According to this legal instrument, the Agency is mandated to register jobseekers, unemployed persons and job vacancies; provide counselling and guidance services; carry out job brokering; implement active labour market programmes; and execute any other activity aimed at increasing employment and decreasing unemployment.
- The Employment Agency of Montenegro comprises a central office and a network of nine branch offices and 24 local employment agencies, with a total number of 323 employees, of whom 230 are caseworkers employed at the local level and 93 are officials at central level.
- The higher decision-making body of the Agency is the Management Board, which comprises the president and two members proposed by the Ministry of Labour and Social Welfare, and one member each of employers' and workers' organizations, appointed for a four-year term, as Director of the Agency. The Board adopts the annual Work Plan of the Agency and the draft budget; decides on the use of the Agency's funds; endorses the annual plan for the implementation of active labour market programmes; and reports regularly to the Ministry of Labour and Social Welfare (MLSW). The Director legally represents the Agency and is responsible for managing all its activities.
- The central office is organized around seven sectors: (i) employment records and research; (ii) employment mediation; (iii) active labour market measures; (iv) unemployment benefit; (v) vocational rehabilitation and employment of persons with disabilities; (vi) technical co-operation projects; and (vii) employment-related payments. Each sector comprises one or more departments, except for the sectors responsible for vocational rehabilitation, technical cooperation projects and employment-related benefits. There are also four services, responsible for human resources, financial affairs, procurement and the information system.
- In 2019 the Agency had 4.6 million euros (€) at its disposal under the Employment Fund and another €4.6 million under the Disability Fund. Before the outbreak of the Covid-19 pandemic, the expectation was that the 2020 allocation to the Employment Fund would be decreased to €3 million, while the financial envelope available to the Disability Fund would be increased to €8.3 million.
- The country's employment policy objectives are enshrined in the *Economic Reform Programme (2019–2021)*, the *Employment and Social Policy Reform Programme* and the *Human Resource Development and Employment Strategy (2016–2020)* under the purview of the Ministry of Labour.

Source: ILO, *Functional Assessment of the Employment Agency of Montenegro, 2019/2020*.

ILO's Functional Assessment of Public Employment Services

- *The ILO Functional Assessment of PES provides a review of functional and organizational structures to facilitate the introduction of a new institutional setting for the delivery of employment policy.*
- The Report identifies twelve recommendations for the short and medium term that would enable the reform and modernization of the EAM.

The Time-use exercise (TUE) applied to the EAM

- *The TUE reviewed tasks and procedures in three sectors of the EAM (the sectors responsible for mediation, active labour market policies, and vocational rehabilitation, respectively) and the workflow that applies to the delivery of services to clients (job seekers and employers).*
- The Report identifies four general recommendations and twenty-three action points for the three sectors.

The Table below reflects some key elements emerging from the ILO reports.

In the first column, “**RECOMMENDATIONS**” refer to some of the main orientations that the EAM Reform could consider. Recommendations include, in their formulation, possible indicators of success.

The second column reports some of the findings of the ILO missions, to back up the recommendations provided. Findings are based on the review of documents, interviews with staff and direct observation of a statistically representative group of staff carrying out their daily tasks. “**FINDINGS**” refer to the current situation and provide some basic indications concerning where underlying inefficiencies are identified.

Based on the recommendations and the review of the current situation, some **Action Points** are identified for the short and medium term. They form the basis for a comprehensive reform programme of the EAM, which will extend over a number of months, depending also on the resources allocated and the commitment at the highest level of government. The EAM's modernization is driven by the notion of individualized service delivery, and is supported by an overall effort towards simplification of procedures and reliance on digital tools, both for service delivery and to improve internal processes. These commitments are reiterated by the Government of Montenegro in the context of the negotiations around Chapter XIX and in the ERPs.

RECOMMENDATIONS	FINDINGS	Action Points		Key words
		Short term (12–15 months)	Medium term (>15 months)	
1. ORGANIZATIONAL STRUCTURE and INSTITUTIONAL DEVELOPMENT				
1.1 Streamline operations at central level to avoid duplication of tasks	Establishment of a sector responsible for managing employment-related payments raises efficiency concerns (FA, p. 6) The Department for Employment Records follows extensive administrative regulations for registration, reregistration, and deregistration (FA, p. 4) No unique structure for planning, analysis, and M&E (FA, p. 4)	<i>Increase efficiency by having ONE sector responsible for managing all aspects of ALMPs (including loans and self-employment); ONE sector managing passive measures; ONE structured finance service managing all disbursements regardless of their nature</i>	Link the management information system (MIS) to the specific application that manages disbursements	IT/digital solutions; Simplification of procedures
1.2 Improve ratio of local- to central-level staff and across local offices	There are 2.5 staff at local level for every one member of staff at central level The unemployed to staff ratio is uneven across offices. At some agencies the caseload is ten times the national average (FA, p. 23) and the northern offices are at a particular disadvantage (FA, p. 25) Limited job placements even when the funding envelope is larger (FA, p. 24)			Simplification of procedures
1.3 Clearly define the core competences of the new sector on EURES and jobs abroad		<i>Define the role and develop the knowledge of the EAM's EURES sector with regard to managing the bilateral agreements signed by Montenegro; supervise the work of private employment agencies in this field, registration of employment contracts of nationals working abroad, design and delivery of pre-departure services</i>		Knowledge base development
1.4 Establish an in-service staff development programme, including: induction for new recruits; technical training on EAM's standard functions and services; specialized training on emerging issues and new tools; peer learning	Overreliance on the Human Resource Management Authority to develop training programmes for civil servants (FA, p. 6)	<i>Organize internal training sessions for frontline staff</i> <i>Develop/adapt individual training modules to be made available to staff as self-paced learning opportunities</i>	Devise an internal training platform with a wide range of training available Organize regular knowledge-sharing events between managers and staff	Knowledge base development; Digital solutions

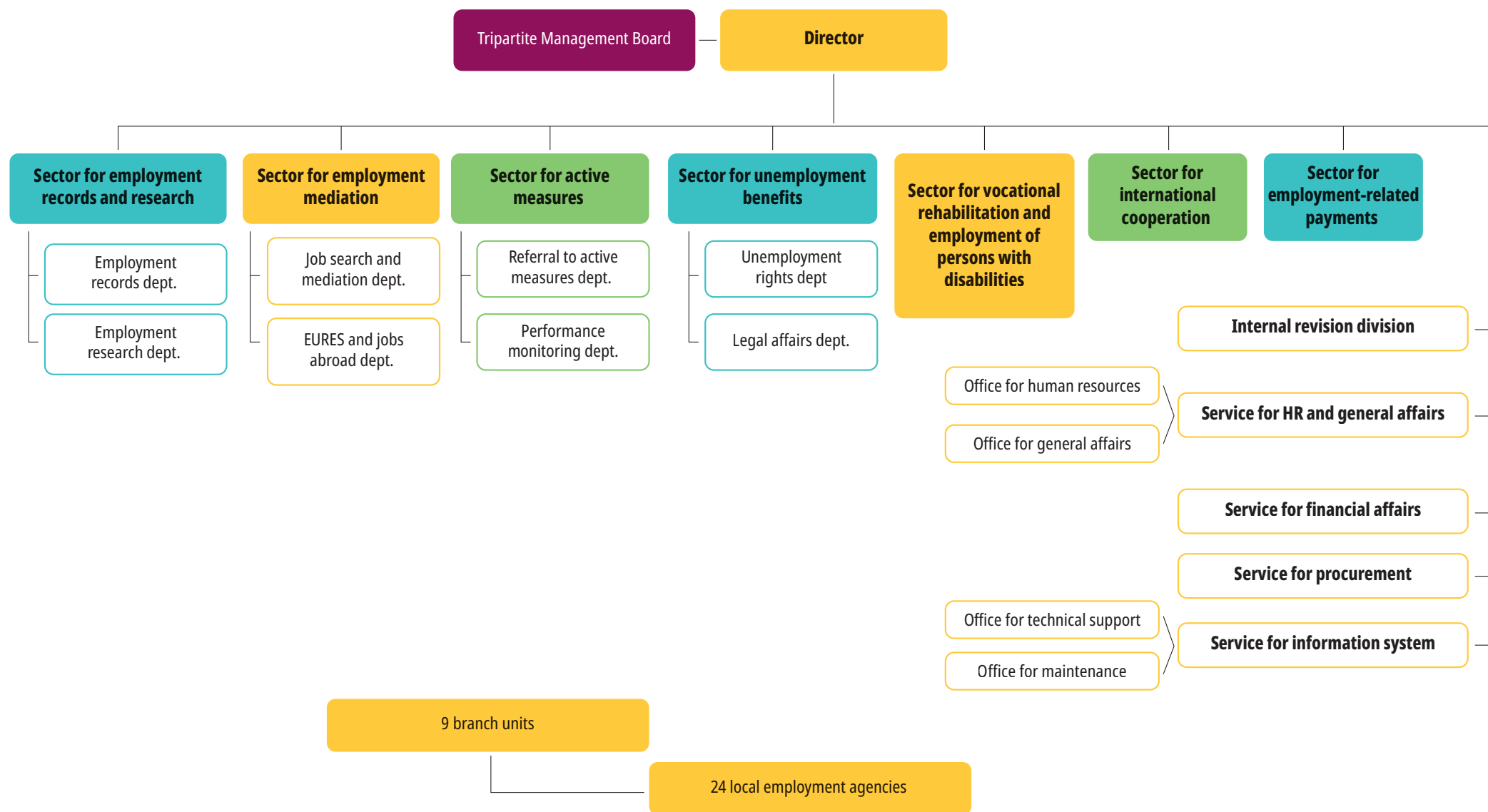
RECOMMENDATIONS	FINDINGS	Action Points		Key words
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1.5 Engender a culture of trust and cooperation between the central and local levels	Payment requests prepared by ALMP counsellors at the local level are rechecked at the central level by the sector for ALMPs prior to being dispatched to Finance for payment (FA, p. 12) Deregistration decisions taken at local level are rechecked at the central level (FA, p. 12) A substantial proportion of staff time at central level is spent rechecking the work done at local level (TUE, p. 4)	<i>Organize regular knowledge and experience exchanges between the central and local levels to engender new methods and workflow practices</i> <i>Procedures, forms and templates are designed jointly and staff are trained prior to enactment</i> <i>Give more responsibilities for implementation monitoring of ALMPs to the local level</i>	Introduce new work methods based on performance monitoring (rather than administrative checks)	Knowledge base development
1.6 Make the link between EAM activities and employment policy more explicit	In 2019, EAM activities contributed 0.6 percentage points to the country's employment objective	<i>Include some EU Key Performance indicators (such as job vacancy filling rate, transition rates) in the EAM's performance indicator system</i>	Increase the level of financial resources made available to the EAM for the delivery of employment services and programmes, in line with the obligations assumed under the ERP and other policy documents	Knowledge base development
2. FUNCTIONS				
2.1 Free up the time of caseworkers from procedures and administrative processes (including through client segmentation) in order to deal more effectively with clients and improve ratio of staff to clients	Paper-based collection of evidence at registration and manual insertion in a paper-copy ledger (FA, p. 12) Every action by a counsellor classified as a decision should to be printed out in 3 copies (FA, p. 12) Counsellors for ALMPs collect paper-based evidence of programme delivery but do not meet clients (FA, p. 12) In 2018, the ratio of staff to registered unemployed was 1:186 (FA, p. 29) The little time allocated to the initial interview may result in overlooking important individual characteristics and attitudes (FA, p. 22) Deregistration is automatic if clients fail to show up (TUE, p. 8)	<i>Revise procedures for registration and delivery of other core services, as well as the counselling workflow</i> <i>Remove paper ledger</i> <i>Allow online registration (separate registration from first interview)</i> <i>Introduce statistical profiling linked to a tiered-system</i> <i>Introduce IEP1 and IEP2 (basic service plan and advanced service plan)</i> <i>Introduce an employability checklist, supported by an IT app</i> <i>Review the division of workload among counsellors to minimize back-office responsibilities</i>	Revise legal requirements for IEP and reregistration Make all forms that counsellors need available through the internal IT platform Expand the offer of self-services for those who are labour market-ready to include self-assessment, job discovery tools, and online courses Transform the unemployed booklet into a mobile app populated and updated by the EAM IT system Facilitate access to administrative databases maintained by the civil registry, cadastre and education institutions	IT/digital solutions; Simplification of procedures; Legislative changes (law on data protection)

RECOMMENDATIONS	FINDINGS	Action Points		Key words
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2.2 Simplify the workflow targeting persons with disabilities (PwD)	The workflow targeting PwD is complex and tortuous for clients (FA, p. 14) None of the processes managed by the sector for vocational rehabilitation are supported by the current IT system; all procedures are paper-based and managed manually (FA, p. 15)	<i>Develop a dedicated IT application to manage incentives for recruiting PwD (online application, web-based checking of employers' history for compliance with eligibility criteria, online authorization of recurrent payment requests)</i> <i>Rebalance staff workload at the local level (vocational rehabilitation counselors are often overburdened and other counsellors underutilized)</i> <i>Grant wage subsidy only to employers that issue contracts for PwD longer than 12 months</i>		Simplification; IT/digital solutions; Legislative changes
2.3 Invest in services for employers	Vacancy notification must be done by employers in person, on paper	<i>Establish a semi-open online job vacancy recording system</i> <i>Align the 4-digit occupational codes used by EAM with ISCO-08</i> <i>Give employers' counsellors direct access to the records of the unemployed</i> <i>Introduce job canvassing among the core competences of employers' counsellors</i>	Offer personalized assistance to employers that notify vacancies (job task analysis, personalized screening, helpdesk on legal requirements, etc.) Establish dedicated employers' unit ("account managers") to serve larger companies and/or specific sectors (such as tourism)	Simplification; IT/digital solutions; Innovation
2.4 Make data collection and analysis more effective	IT platform of the Agency (2001) and the management information system are obsolete (FA, p. 7) Annual employers' survey was discontinued in 2017 (FA, p. 10)	<i>Rethink frequency of statistical reporting: monthly for inflow/outflow; quarterly for structure and operations; annual for analytics, financial aspects, etc.</i> <i>Reintroduce and improve employers' survey</i> <i>Review ad hoc requests received during the year and adapt tabulations included in standard reports</i>	Change the IT system so that records are visible to all counselors dealing with the client (except for medical and psychological information). Introduce Occupational Outlooks that offer a description of the occupations in demand, including education and qualification levels and working conditions Provide the EAM with a more flexible intelligence tool in the IT system, so that responses to data queries can be generated automatically	IT/digital solutions; Knowledge base development

RECOMMENDATIONS	FINDINGS	Action Points		Key words
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2.5 Introduce an adequate activation strategy	Although the Law on Social and Child Protection makes activation strategies a joint responsibility of the CSW and the EAM, the individual activation plan is managed by the CSW The employment component is transcribed into an IEP (often without meeting the client) (FA, p. 16) as a purely administrative process (TUE, p. 6)	<i>Pilot new schemes in offices with a high incidence of social assistance beneficiaries on the register and for specific groups (women, young people)</i>	Finalize the interoperability of the IT platforms of the EAM and of the CSW Conduct one-to-one interviews with social welfare clients for the development of the IEP	Digital solutions; Knowledge base development
2.6 Improve the organization of ALMPs	Investment in active labour market programmes is limited (0.1 per cent of GDP) and not all people who need ALMPs get access (FA, p. 27) In 2019, only 2,100 persons had access to ALMPs (6.4 per cent of registered unemployed, on a declining trend from 9 per cent in 2018) (FA, p. 12) The current programming cycle of ALMPs is onerous and leads to poor matching (FA, p. 30)	<i>Increase annual financial envelope</i> <i>Use the option of “pre-selection of service providers through expression of interest” under procurement law in order to accelerate the procedure for contracting training and start programme delivery earlier in the year</i> <i>Rely on accredited training providers but expand the number of qualifications and training places</i>	Allow the implementation of ALMPs throughout the year Review financing mechanisms so that unspent funds can be committed before the end of the year and re-phased Issue fewer but well-designed documents for ALMPs Use the IT system for the generation of standardized documents	Digital solutions; Knowledge base development; Simplification of procedures
2.7 Reorient the portfolio of ALMPs to improve outcomes for participants	The portfolio is too unbalanced towards public works and vocational training (FA, p. 23) Several (also costly) pilots took place, but were discontinued shortly afterwards without proper evaluation (take-up, employment outcomes)	<i>Introduce a requirement for training providers to have partnerships with enterprises for the implementation of a minimum period of work practice during the programme (training leading to vocational qualification)</i> <i>Participate in the design of the training plan for the OJT</i> <i>Expand the range of workplace-based training programmes (OJT and internship based on the EU Council Recommendations on a Quality Framework for Traineeships)</i> <i>Reduce the role of the EAM in the current Graduate Programme</i> <i>Strategically use the wage subsidy administered by the Tax Revenue Office for hard-to-place individuals</i>	Identify occupations in demand by pooling data from the employers' survey, MONSTAT data on employment by occupation (four digits), and the job vacancy database of the EAM Revise the self-employment programme financed by the EU-IPA to include a proper service package.	Innovation; Knowledge base development

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2.8 Improve M&E of ALMPs	The regular performance monitoring uses TRO administrative data, based on manual entries in the IT platform of the EAM. Information is limited (no data on wage, duration, occupation), and received after delay	<i>Expand data pooling with the TRO and Pension Fund</i>	Introduce performance monitoring surveys (conducted every 2–3 years) to obtain data on job quality, satisfaction with services, and leakages to the informal economy	IT/digital solutions
2.9 Develop a better offer of web-based online services	The online service offer of the EAM is not yet fully developed (FA, p. 24)		Introduce mobile applications, SMS notifications, and other e-services	IT/digital solutions
2.10 Remove tasks that do not belong to the EAM		<i>Reassign tasks related to the organization and management of proceedings of the Disability Commission</i>	Reassign tasks related to the Graduate Programme and career education of students to educational institutions	
POLICY/STRATEGY				
PwD: move away from the medical definition of disability		<i>Introduce workability assessment Revise the incentive system for employers (obligations on minimum duration, time-bound subsidies and threshold for wage reimbursement)</i>	Work with employers on diversity management as part of their corporate social responsibility	Law and by-laws
ACTIVATION: Improve the activation strategy approach to align with the main EU orientations	In 2018, 9,000 families (31,000 individuals) received last-resort social assistance. Approximately two-thirds of material support beneficiaries were of working age (15–64); among them, 80 per cent were able to work (FA, p. 16) A package of transfers (child allowance, care benefit, electricity subsidy, free textbooks, meals and local transport) increases the overall generosity of the safety net system (FA, p. 17)	<i>Evaluate pilot schemes</i>	Include job-search monitoring and sanctioning in the activation strategy approach, as well as instruments to “make work pay”	Law and by-laws

Annex 1: Current organizational structure of the Employment Agency of Montenegro



Annex 2: The current EAM workflow and a new proposal

Figure 1. Workflow in EAM local employment offices

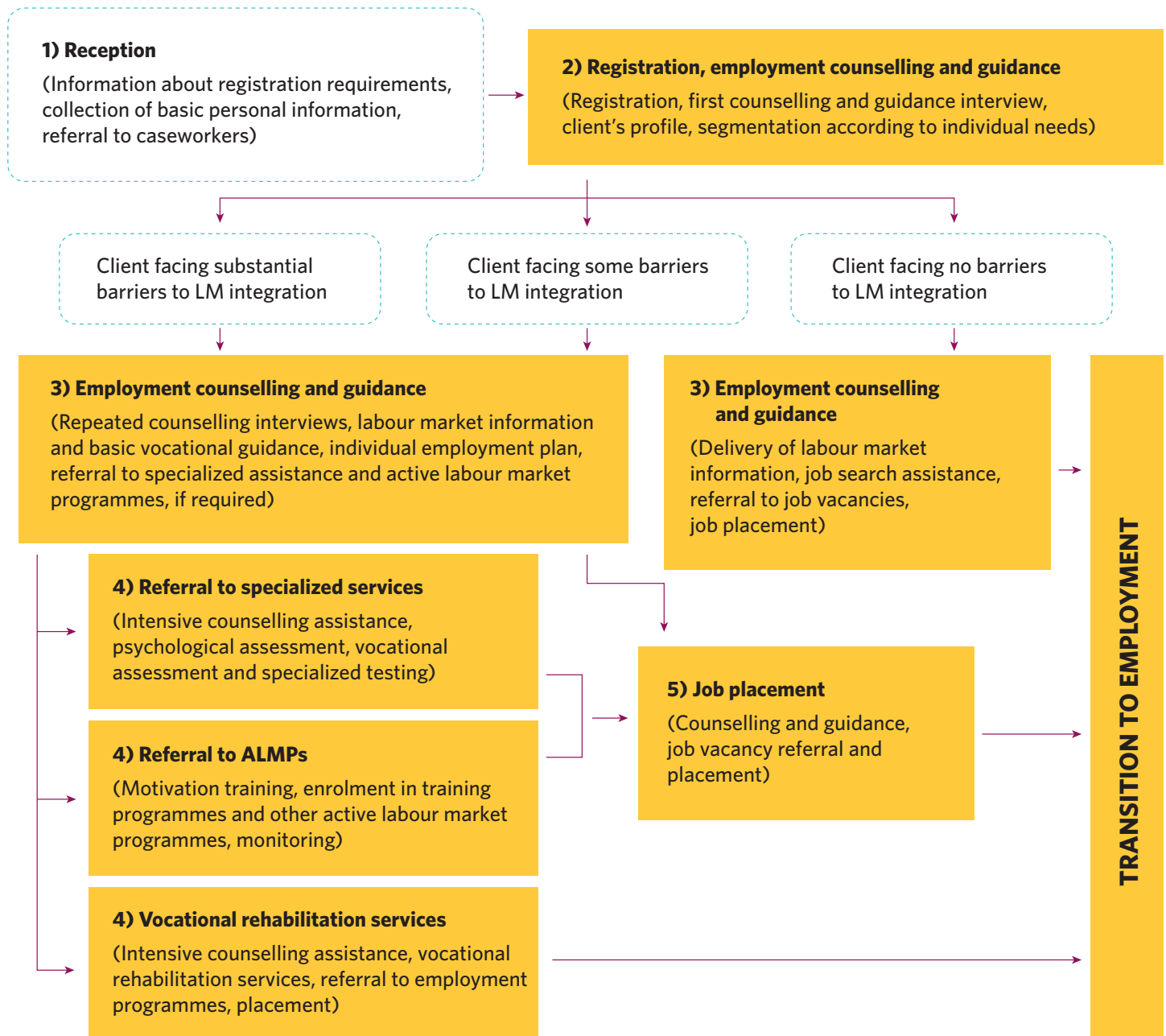
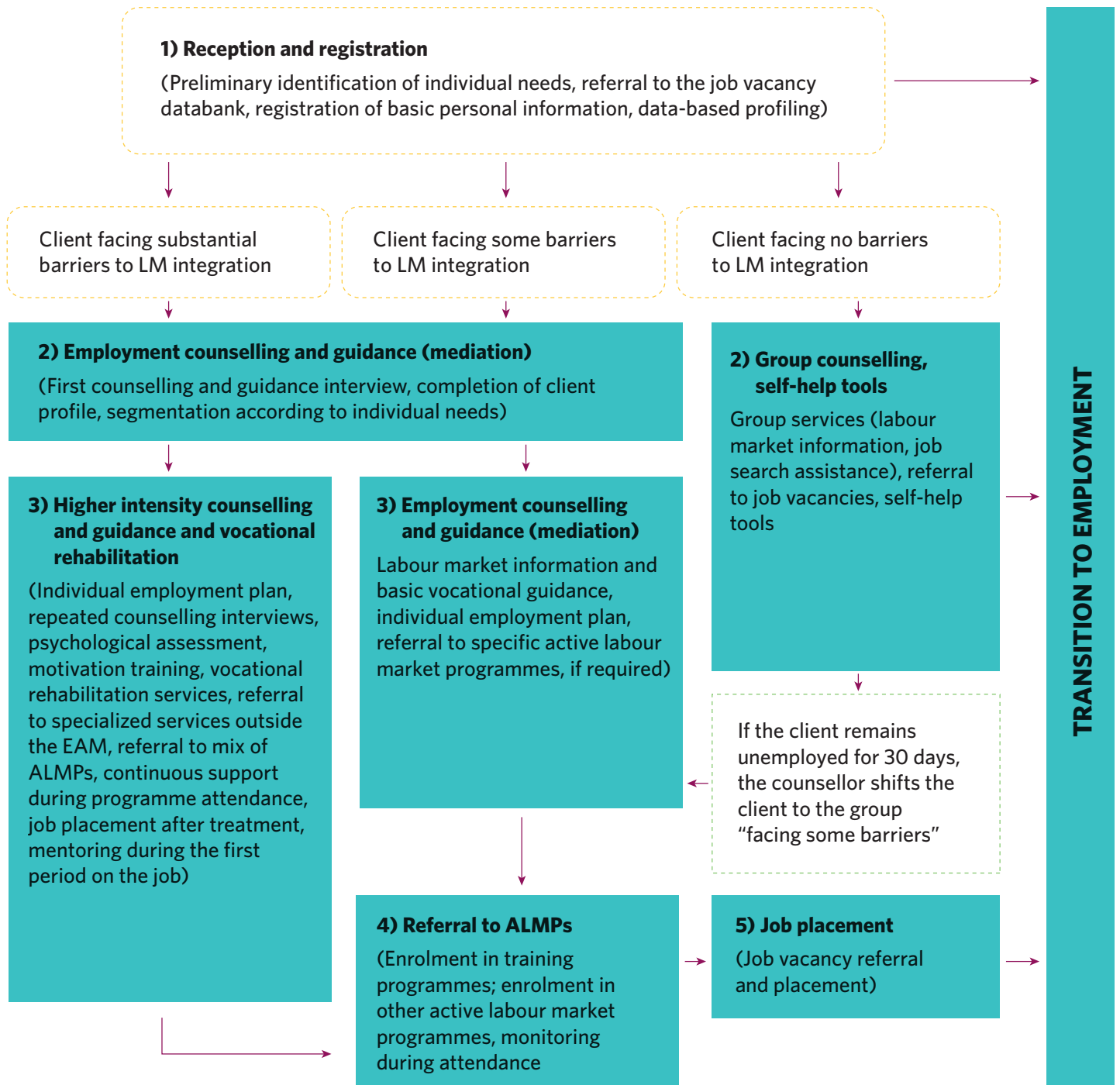
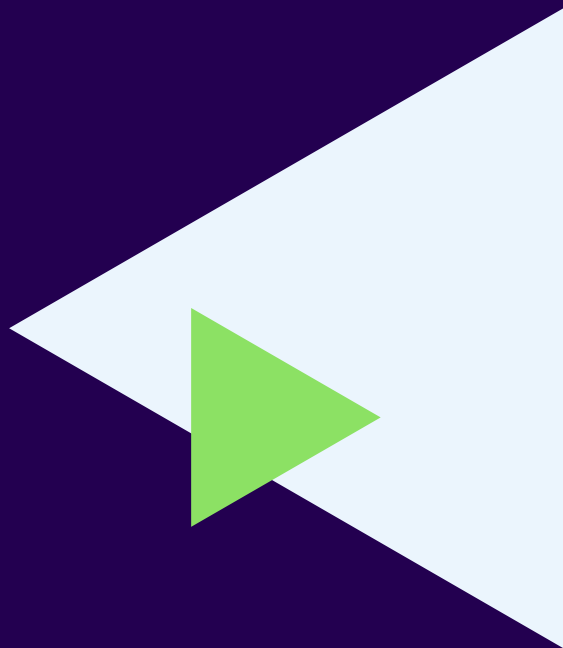


Figure 2. Proposed workflow in local employment offices





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