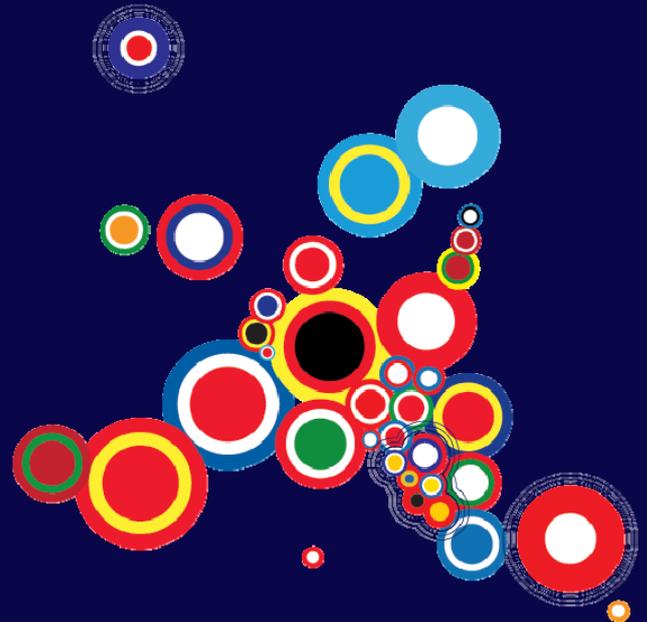




## INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

**KOSOVO\***

**Implement Active Labour Market  
Measures and Support Fight Against  
Undeclared Work**



### **Action summary**

The main objective of the action is to increase employment and social inclusion of young people and women and to strengthen human capacity of the beneficiary institutions in order to reduce undeclared work. The action is divided in two distinctive fields of intervention:

1. Support to employment and improvement of working conditions in order to increase employment and social inclusion of the Kosovo labour force, with a special emphasis on women and youth, and
2. Strengthening human capacity of the beneficiary institutions in order to reduce and transform undeclared work to formal employment.

The activities of the first field of intervention will provide assistance to labour market administrations and stakeholders in order to translate the employment strategy into a pipeline of support programmes and major projects. The activities of the second fields of interventions will improve Labour Inspection policy and practices for reducing the undeclared work and transforming it into formal employment through coordinated control on undeclared work

\*This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

<b>Action Identification</b>	
<b>Action Programme Title</b>	Action Programme for Kosovo for the Year 2016 – Part I
<b>Action Title</b>	Active Labour Market Measures and support to fight against undeclared work
<b>Action ID</b>	IPA 2016 /039 745 / 06/Kosovo/Labour Market Measures
<b>Sector Information</b>	
<b>IPA II Sector</b>	7. Education, employment and social policies
<b>DAC Sector</b>	16020 – Employment policy and administrative management
<b>Budget</b>	
<b>Total cost</b>	EUR 8.4 million (EUR 0.4 million by grant beneficiaries)
<b>EU contribution</b>	EUR 8 million
<b>Budget line(s)</b>	22.02.01.02
<b>Management and Implementation</b>	
<b>Management mode</b>	Direct management
<i>Direct management:</i> <b>EU Delegation</b>	European Union Office in Kosovo
<b>Implementation responsibilities</b>	European Union Office in Kosovo
<b>Location</b>	
<b>Zone benefiting from the action</b>	Kosovo
<b>Specific implementation area(s)</b>	Kosovo
<b>Timeline</b>	
<b>Final date for concluding Financing Agreement(s) with IPA II beneficiary</b>	31 December 2017
<b>Final date for concluding delegation agreements under indirect management</b>	N/A
<b>Final date for concluding procurement and grant contracts</b>	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 189(2) of the Financial Regulation
<b>Final date for operational implementation</b>	6 years following the conclusion of the Financing Agreement
<b>Final date for implementing the Financing Agreement (date by which this programme should be de-</b>	12 years following the conclusion of the Financing Agreement

<b>committed and closed)</b>			
<b>Policy objectives / Markers (DAC form)</b>			
<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Participation development/good governance	<input type="checkbox"/>	<b>x</b>	<input type="checkbox"/>
Aid to environment	<b>x</b>	<input type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	<input type="checkbox"/>	<input type="checkbox"/>	<b>x</b>
Trade Development	<b>x</b>	<b>x</b>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Biological diversity	<b>x</b>	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	<b>x</b>	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	<b>x</b>	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	<b>x</b>	<input type="checkbox"/>	<input type="checkbox"/>

## 1. RATIONALE

### PROBLEM AND STAKEHOLDER ANALYSIS

Most of economic and social indicators point to social risks of Kosovo's population. Social and economic challenges have been solidified over time. Despite a constant annual average growth in GDP of 2.5% between 2005 and 2014 (World Bank 2015) and an increase in the business environment, e. g. displayed in the improvement in World Bank's Doing Business indicator (standing at rank 64 on a comparable metric, which means an improvement by 49 ranks compared to 2010, World Bank 2016), Kosovo's economy is exposed to various challenges. Despite improvements in the trade imbalances, the deficit makes Kosovo partially dependent on foreign assistance and remittances. Kosovo's production remains relatively weak, and the informal economy is still extensive. However, macroeconomic and fiscal stability has been broadly preserved and significant socio-economic catch up processes have been witnessed since 1999. Competitiveness (particularly the regional one) continues to be a priority for Kosovo, emphasised through on-going government's efforts towards continuous capital investments, improvement of the business environment and support to local production in various forms. Consumption and private investments as well as exports, to a lower extent, are the categories expected to boost economic growth in Kosovo during the 2016–2018 medium term period. Economy was estimated to grow at 3.3% in 2014, whilst considering the global economic developments, in particular those in the Eurozone, economic growth for 2015 is projected to be 3.8%, to be then stabilised at 4.4% on average over the 2016-2018 medium term period. Despite the advantages Kosovo has in terms of young population and vast natural resources, the economic development and reduced unemployment rate remain challenges that the Government will face.

The labour market in Kosovo is characterised by low labour participation and significant long-term unemployment, especially of women and the youth. Uneven division of family responsibilities between women and men are the main reason for women's inactivity in the labour market. The above discrimination of women is caused mostly by cultural and sociological reasons. In addition, older generations of women have lower education compared to men. Therefore, according to Eurostat, in 2014 the employment rate of women in Kosovo was just 12.5% compared to the employment rate 41.3% for men. Strong labour force inflows will continue in the next years: Around 25'000 young people are expected to enter the labour market every year. At the same time, the employment rate for the age group under 25 years was only 9% in Kosovo (Eurostat 2014). Estimations assume that an average yearly GDP growth of 4.7% would keep the unemployment rate constant. The labour market in Kosovo is further characterised by informality, with workers neither paying income tax nor social contributions. Moreover, many workers work without employment contracts. One in every three young Kosovars is neither in education, employment nor in training (NEET). Neither higher education nor vocational education and training (VET) currently equip Kosovo's youngsters with those competences required by the labour market.

The lack of skilled and educated workforce remains one of the biggest obstacles for Kosovo's growth. The problem of linking VET to the employability of the workforce is caused by the low quality of education and training and the mismatch between the qualifications obtained and those needed by the private sector. Curricula are insufficiently based on labour market needs, as for instance there is inadequate support to improve practical education in VET. Upgrading higher education and vocational education systems in Kosovo have so far been insufficient to provide a matching workforce to the market. In terms of legislation, Kosovo has established basic legislation framework in the area of social policy, labour and employment. In this respect, Kosovo has sufficient legislation, but, its implementation remains an overwhelming challenge. Regarding labour and employment, it should be noted that the legislation alignment in general is on its initial phase, considering the EU legislation in the field of labour and employment.

Despite expected progress in legal alignment, due to financial constraints and insufficient human capacities, there are still challenges regarding the implementation and monitoring of legislation in the field of labour and employment. As regards the work of the Labour Inspectorate, Kosovo needs especially to implement the Labour Law no. 03/L-212, Law no.04/L-161 on Safety and Health at Work and Collective Agreement and other legal and sub-legal acts on this field.

## Employment

The strategic objective #1 of the Ministry of Labour and Social Welfare (MLSW) Sectorial Strategy 2015-2020 is to increase employment, skills development and better functioning of the labour market. The MLSW's Action Plan 2014–2016 of the Sectorial Strategy 2015-2020 refers to three specific objectives which cover 33 corresponding activities (See Annex II).

Under these initiatives the Government of Kosovo will focus on building a modern employment services in Kosovo which provides MLSW with the ability to register, profile and support job-seekers in finding employment. The Employment Agency was legally established in 2015 but has not been put into function to date. The Employment Agency should be the central body coordinating and administrating Public Employment Services (PES) that mediate Active Labour Market Measures (ALMM) to job-seekers.

Active labour market measures:

1. Self-employment and entrepreneurship are labour market measures that encourage the participants to start their own business or to become self-employed.
2. Public works are a broad category of infrastructure projects, financed and constructed by the government, for recreational, employment, and health and safety uses in the greater community. They include public buildings (municipal buildings, schools, hospitals), transport infrastructure (roads, railroads, bridges, pipelines, canals, ports, airports), public spaces (public squares, parks, beaches), public services (water supply, sewage, electrical grid, dams), and other, usually long-term, physical assets and facilities;
3. The internship is active labour market measure aiming to provide the opportunity to gain valuable in a working environment to participant looking to explore or gain the relevant knowledge and skills required to enter into a particular carrier field;
4. Vocation training is a labour market measure which comprises of activities intended to provide participation with the skills, knowledge, competencies, and attitudes required for employment in a particular occupation or a group of related occupations in any field of economic activity;
5. On the job training is another active labour measure aiming to teach participants the skills, knowledge and competencies that are needed to perform a specific job within the work place and work environment;
6. Employment subsidies are targeted labour market measures to promote or provide employment for various groups or participants specified as labour market priorities;

The Kosovo budget for active labour market policy measures is insufficient. In 2015, it totalled EUR 1.7 million and was significantly increased compared to 2014, when budget for ALMP was only EUR 527,500. The Kosovo budget for the above-mentioned measures in 2016 is EUR 1.6 million.

## Labour Inspection

Undeclared work is a constant and recurrent phenomenon in even the most developed countries. The European Union has undertaken and continues to undertake actions through which it can be reduced. Undeclared work is a barrier for workers, businesses and governments. For workers, undeclared work means lower pension rights, less access to healthcare, poor working condition, and violation of their rights and dignity. For businesses it means that there is unfair competition between firms through low wages or non-payment of social security benefits, while for the governments, it entails not meeting employment targets, brings less job growth, and less tax and social security revenue.

Undeclared work is quite difficult to measure and in the EU, it poses difficulties for policy makers and labour inspectorates in tailoring policies and improving inspection practices for preventing, reducing, or at the very least monitoring the incidence of undeclared work.

The EU is carefully analysing undeclared work and amongst the many initiatives to reduce it, has also issued a proposal in 2014 for the creation of a European platform against undeclared work. This platform could bring together the European and Kosovo authorities in charge of combating undeclared work, such as labour inspectorates and social security, tax and immigration authorities. Through this platform, they could exchange information and best practices on fighting against undeclared work. Over time the platform would evolve into a body that also promotes training for staff from various countries.

Kosovo faces problems with very high undeclared work rates. Undeclared work has severe consequences for employees, businesses, and the government. The workers face high poverty, and undeclared work with its low wages drives them into even deeper poverty. Businesses that would otherwise have flourished in ideal declared work conditions go bankrupt due to high competition from businesses which use undeclared work. Moreover, Kosovo's revenues would be much higher if these phenomena would be reduced, since undeclared work does not bring the revenue that Kosovo needs to experience more development.

Kosovo's governmental and non-governmental institutions have increasingly addressed undeclared work as a major barrier to the growth of the economy and the reduction of poverty. Studies cite various conflicting statements regarding informal economy in Kosovo; however, estimates range from 35% to 40% of Gross Domestic Product (GDP) is undeclared work or informal economy. Governmental officials have also stated that in the period of 2007 to 2014, undeclared work or informal economy has experienced a slight decrease from 34.75% to 31%.

Having 30% to 40% of GDP in undeclared work or informal economy poses a great burden to Kosovo, therefore, actions which assist in the reduction of this phenomenon are needed. Kosovo continuously cites the reduction of undeclared work as its priority, and much has been undertaken in the creation of various strategies and regulation on how to reduce it, especially in the area of fiscal policy.

Nevertheless, undeclared work is still present, and needs to be reduced. Taking into account that there are conflicting statements on the exact rate of undeclared work, the project proposes to conduct research on establishing a baseline situation. This would enable stakeholders to better formulate policies and strategies so as to achieve a reduction in undeclared work. However, in order to do this, the capacities of these stakeholders and an improvement of the labour inspectorate need to be achieved so as to be able to implement and enforce the strategies or regulations that are approved. In addition, citizens, employees, and businesses are unaware of the extent that undeclared work damages them and the development of Kosovo; therefore, an awareness raising campaign would assist in informing them on the benefits of declared work and the damage that is caused by its non-declaration.

Labour Inspectorate as Executive body of MLSW has the mission of supervising implementation of the legal provisions in the field of labour, including the working relations, safety at work, protection of the health of employees and working environment, as well as equal opportunities for men and women. Currently, monitoring of the legislation in place is not efficient and this is a result of inappropriate functioning of the Labour Inspectorate. Cooperation with the department for gender equality of the Office of Prime Minister must be strengthened.

Therefore, the main issue this Action will address is the lack of a system of collaboration between MLSW and other institutional bodies such as Tax Administration Body, Agency for Business Registration, and Social Partners. Also the Action will address the lack of capacity within Labour Inspectorate for more efficient implementation of legal provisions in tackling undeclared work. The main causes for this situation are related to non-efficient organizational set up of the Labour Inspectorate, lack of continuous skills development of staff (especially inspectors). The operational procedures and processes of the Labour Inspectorate (with emphasis on inspection services) are outdated and cannot respond to the needs of permanently changing legislation related to undeclared work. Current operational procedures, processes and services which are provided by labour inspectors based on the Law from 2002 on Labour Inspectorate, have

limited effect nowadays on improvements of the legislation on undeclared work due to the low number of inspections and lack of quality standards in provision of services. Improvements of the legal framework in the field are not followed with appropriate adjustments of the operational procedures and processes. The number of inspectors if compared with number of registered businesses in Kosovo is very low (51 inspectors in relation to 106 555 businesses), which is also contributing to the low institutional efficiency. Therefore, with adequate reorganization of organisational procedures of the Labour Inspectorate and by establishing quality standards of service provision, the exact estimation of needs for human resources could be defined to a more detailed level.

The lack of capacity of the Labour Inspectorate to monitor implementation of laws and regulations has hindered the combating of the informal employment and has resulted in its increase, and consequently in the increase of number of accidents, professional illnesses and injuries in the workplace.

The Action will address above mentioned problems by introducing a more efficient organizational set up within Labour Inspectorate, establishing joint tasks with other relevant institutions that will be trained, through the staff development system and coordinating the Labour Inspectorate database system with other relevant database systems.

## **OUTLINE OF IPA II ASSISTANCE**

The Stabilisation and Association Agreement that was signed on 1 April 2016, represents an important milestone for Kosovo's European future, firmly committed to the substantial application of the European values and standards. In that sense, employment should be seen as a key aim of social and economic development which directly influences the well-being and quality of life of the population.

The active labour market policies and measures play an important role in matching labour supply and demand via improving labour force motivation, qualifications and competences, active job seeking skills, aiming at increasing their employability and employment prospects, thus contributing to unemployment reduction, social inclusion and, ultimately, economic growth..

In this view, the action is divided in two distinctive fields of intervention: support to employment and improvement of working conditions respectively, in order to achieve the overall objective of the strategy of increasing employment and social inclusion of the Kosovo labour force, with a special emphasis on women and youth, and strengthening human capacity of the beneficiary institutions in order to reduce and transform undeclared work to formal employment.

The activities of the first field of intervention will provide assistance to all labour market administrations and stakeholders in order to translate Kosovo's employment strategy into a pipeline of support programmes and major projects for the implementation of active labour market measures (ALMM) - grant schemes. Investment packages for infrastructure and equipment which will support specifically social entrepreneurship and sustainable employment and social inclusion of women and youth. The core focus of this field of intervention is the implementation of the above-mentioned grant schemes and investment packages.

The activities of the second fields of interventions will improve Labour Inspection policy and practices for reducing the undeclared work and transforming it into formal employment through coordinated control on undeclared work by the State Labour Inspectorate, other relevant institutions and social partners, and organizing awareness raising campaigns for Kosovo employees and employers on the disadvantages of undeclared work.

## **RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES**

**EU Enlargement Strategy 2014-2015** underlined the need to strengthening economic governance and competitiveness in the enlargement countries and potential candidates, which is crucial for meeting the economic criteria for EU membership. Reforms should be intensified to achieve sustainable growth, improve the business environment and boost investment. High unemployment needs to be tackled, particularly among

the young. Supporting economic development should also mitigate migratory pressure on the EU. The Strategy sets out for Kosovo as becoming urgent the need for structural economic reforms addressing the high level of unemployment.

The **Indicative Strategy Paper for Kosovo** sets out the priorities for EU financial assistance for the period 2014-2020 to support Kosovo on its European perspective. EU will support Kosovo in implementing the Employment and Social Welfare Strategy 2014-2020 and in improving the institutional capacities to design and implement effective policies. It will also support specific and targeted policies aimed to raise the employability and social inclusion among particularly vulnerable groups such as long-term unemployed, marginalised communities, youth and women, with a view to promoting active inclusion.

The **2015 Kosovo Report** further emphasises that Kosovo should in particular implement the 2014-2020 employment sector strategy, monitor the results and ensure that the new employment agency becomes operational. Further, the EU recommends increasing the spending level of active labour market policies in order to effectively address respective needs of beneficiaries.

The Kosovo Report 2015 recommends asks Kosovo to enforce the law on labour and legislation on health and safety at work, to implement inspection legislation and to provide the Labour inspectorate with appropriate resources to fulfil its mandate.

The Kosovo Report 2015 recalls that the Labour Inspectorate needs to target the informal part of the construction sector more efficiently and that the number of inspectors should increase, as only 50 cover implementation of laws on labour and on health and safety at work.

The **National Economic Reform Programme 2015** identifies skills gap as a main obstacle to growth and employment, particularly the lack of workforce with graduate and vocational secondary education. The importance of an adequately educated labour force is also shown in the latest World Bank Business Enabling and Enterprise Performance (BEEPS) survey in 2013. Compared to the previous BEEPS survey of 2009, there is a 13 percentage point increase in the number of local firms that say that Kosovo's inadequately educated labour force is a constraint. The reform programme also identifies the large extent of informal economy as a major constraint to private sector development, often cited by businesses. Some of the actions planned in this program include: joint units and investigations of informal economy and tax evasion by tax and customs administrations; implementation of anti-corruption measures within the customs administration; targeted information campaigns promoting benefits of formalising employment contracts and development of an action plan for the Labour Inspectorate in 2015.

The **South East Europe 2020 Strategy – Jobs and prosperity in a European Perspective** stresses that unemployment in the SEE region remains the highest in Europe and therefore the Inclusive Growth Pillar aims to enhance employment creation and labour market participation by all, including disadvantaged groups.

The **Employment and Social Welfare Strategy 2014-2020** aims at development, implementation and coordination of policies, laws and other instruments to ensure social protection and inclusion, skills and employment opportunities for each citizen. Its four strategic objectives cover essential segments of the sector, including: a) employment and vocational training, b) social welfare, c) pension system and d) social dialogue and labour. Regarding employment and vocational training, the strategy aims to reform and modernise the public employment services (PES) responding to labour market needs, expansion of active labour market measures focusing on women and men with difficulties in the labour market, and provision of quality vocational training services in accordance with labour market needs. Regarding to undeclared work, the strategy aims to strengthen social partners' role in developing Kosovo's social and economic policies, improvement of workers' work conditions and reduction of informal employment among women and men. As a specific objective, the strategy is aiming to strengthen institutional mechanisms between Labour Inspectorate, relevant institutions and social partners in tackling undeclared work in Kosovo.

The **National Strategy of the Republic of Kosovo for the Prevention of and Fight against Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018** has identified

some priorities regarding informal labour. This document addresses the need for raising awareness on the prevention of informal economy, strengthening the prevention and fight against informal economy by enhancing transparency, accountability, good governance and societal partnership, strengthening the capacity of the relevant institutions and developing Kosovo legislation to comply with international standards and ensuring its efficient implementation, amongst other priorities.

## **LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE**

Competitiveness-related themes and sectors have been paid significant attention from the government and donor organisations. This support will be continued and particular attention will be paid to coordination and cooperation among different organisations/donors to avoid possible duplications.

The biggest donor in the sector has been the European Union providing capacity building to the Ministry of Labour and Social Welfare (MLSW) and the Labour Inspectorate. The EU has supported the ministry in addressing the needs of disadvantaged groups through support to the administration and the executive bodies of the ministry and with direct financial assistance to social entrepreneurship related initiatives such as social incubators and social enterprises. The Labour Inspectorate has developed with the EU support a strategy and action plan for the institution and provided additional training to the labour inspectors and social partners. In 2016-2017, extensive support on legal harmonisation of Kosovo law with the EU acquis in the areas of health and safety at work is provided by the EU. Together with UNDP, the European Union has financed several active labour market measures: training and re-training, on-the-job training, self-employment and entrepreneurship, employment subsidies and public works. The Ministry of Labour and Social Welfare together with its Vocational Training Centres and the Ministry of Education, Science and Technology together with its Vocational Education Schools and Competence Centres have implemented the Vocational Education and Training Programmes funded by Kosovo budget. As allocations from Kosovo budget cannot cover majority of needs in employment sector, the support from donors, especially from the EU has so far been the main source of financing.

The following are lessons which were learnt from previous activities and which should be taken into account for future policy formulation and implementation:

- 1) Implementation of projects and particularly those managed by donors should be with better sustainability in future;
- 2) Decentralisation of responsibilities should be implemented on a way that it would result in the improvement of services on local level;
- 3) The level of inter-institutional co-ordination and cooperation between relevant ministries should be improved;
- 4) Last, the lack of a proper strategy for monitoring has produced non-efficiency and under-development of certain activities or even overlapping of others. Thus, the proper monitoring mechanisms should be established.

## 2. INTERVENTION LOGIC

### LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	
To increase formal employment and social inclusion in Kosovo	<ul style="list-style-type: none"> <li>▪ Progress made towards meeting Copenhagen Criteria</li> <li>▪ Employment rate (15-64 years), total, male, female, less than 25 years</li> </ul>	<ul style="list-style-type: none"> <li>▪ EU Kosovo Report</li> <li>▪ Eurostat</li> </ul>	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>1. To increase employability and sustainable employment prospects for disadvantaged groups, namely youth and women in Kosovo</p> <p>2. To improve labour inspection policy and practices for reducing or transforming of undeclared work to formal employment.</p>	<ul style="list-style-type: none"> <li>▪ Unemployment rate total, male, female, less than 25 years</li> <li>▪ Poverty rate</li> <li>▪ Declared workers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Labour Force Survey</li> <li>▪ Household Survey</li> <li>▪ Kosovo statistics</li> <li>▪ Official Gazette</li> <li>▪ Employment Management Information System (EMIS)</li> <li>▪ MLSW Annual Performance Report of Labour and Employment</li> <li>▪ Reports of Labour Inspectorate</li> <li>▪ EU Kosovo Report on employment, the rule of law and labour conditions</li> </ul>	<ul style="list-style-type: none"> <li>▪ There is a continuous political commitment for delivery of locally appropriate strategies and ALMP in Kosovo</li> <li>▪ Job creation is at the same level as in 2015 or increased</li> <li>▪ Level of financing for ALMP will remain the same or it will be increased</li> <li>▪ Political will to improve the current levels of undeclared work</li> <li>▪ Commitment of the Government for continuing reform process and fighting undeclared work</li> </ul>
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
Result: 1: Ministry of Labour and Social Welfare (MLSW) is capable to design, implement and monitor the active labour market measures focusing on disadvantaged groups, notably on youth and women.	<ul style="list-style-type: none"> <li>▪ Number of completed entrepreneurship projects/grants addressing active labour market measures generating new employment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Calls for Proposals publications</li> <li>▪ Register of Social Enterprise</li> <li>▪ Training sign-in sheets and evaluation reports</li> <li>▪ Final reports of grant projects</li> </ul>	<ul style="list-style-type: none"> <li>▪ Social partners are willing to cooperate with PES in design and delivery of employment policies and measures</li> <li>▪ Local authorities and stakeholders are motivated to actively participate in the local employment development process</li> <li>▪ There is a sufficient capacity and interest of</li> </ul>

<p>Result 2: Capacity of Labour Inspectorate, and relevant Social Partners enhanced and public awareness increased regarding the fight against undeclared work.</p>	<ul style="list-style-type: none"> <li>▪ Percentage of staff of Labour Inspectorate trained in fighting against undeclared work</li> </ul>	<ul style="list-style-type: none"> <li>▪ Integration System for Social Payments</li> </ul>	<p>the local stakeholders to design and deliver locally relevant ALMM</p> <ul style="list-style-type: none"> <li>▪ Capacities for administration and management of IPA 2 projects are at the adequate level</li> <li>Willingness of Kosovar institutions to build their capacities in fighting undeclared work</li> <li>Willingness of the target audience to cooperate with Kosovo institutions in fighting undeclared work</li> <li>• Cooperation and motivation of target groups to participate in the fight against undeclared work</li> <li>• Availability of required services in the market</li> <li>• Availability of communication channels</li> <li>• Stability of the political environment in Kosovo</li> </ul>

## DESCRIPTION OF ACTIVITIES

**Result 1.** Ministry of Labour and Social Welfare (MLSW) is capable to design, implement and monitor the active labour market measures focusing on disadvantaged groups, notably on youth and women.

**Activity 1.1.** Active participation of MLSW in drafting and prioritising a project pipeline in the sector of employment, education and social inclusion. Training of the staff of Kosovo authorities and potential beneficiaries in Project Cycle Management, notably in monitoring the active labour market measures.

- Designing of grant schemes (guidelines for applicants and application forms) targeting vulnerable groups, notably women and youth, including support to social enterprises;
- Designing of major projects – investments in infrastructure, IT systems, etc. in the sector of employment (infrastructure of vocational education and training institutions, respective IT and communication systems, including adjustments to the needs of vulnerable groups, etc.);
- Designing of local projects – pipelines in response to the grant schemes for NGOs, businesses etc.

**Activity 1.2.** Active participation of MLSW in designing and implementing grant schemes for disadvantaged groups, notably for women and youth

Grant schemes will support Vocational training and On-the-job Training, Self-Employment and Entrepreneurship.

- Potential applicants: Employment offices, vocational schools, competence centres, vocational training centres, civil society associations and foundations, businesses employing vulnerable groups or providing social services; etc.
- Potential actions: Training and re-training, and on-the-job training targeted to youth and women; adjustment of workplaces and equipment, and salary subsidies for employing the vulnerable groups; investment packages for infrastructure and equipment in support to social entrepreneurship, and sustainable employment and social inclusion of women and youth; etc.
- Sub-granting of financial support to third parties (individuals, small businesses or civil society organisations) could be the main objective of a grant project.

**Result 2:** Capacity of Labour Inspectorate, and relevant Social Partners enhanced and public awareness increased regarding the fight against undeclared work.

**Activity 2.1:** Designing and implementing a training programme for Labour Inspectorate and social partners.

- Conducting a needs assessment of the State Labour Inspectorate and other relevant institutional actors in the area of fight against undeclared work;
- Developing a Programme for the State Labour Inspectorate for improving its effectiveness in its fight against undeclared work together with a detailed work plan for implementation of the programme.
- Assessing social partners' capacities to participate actively in the fight against undeclared work;
- Developing new/improved initiatives for effective engagement of social partners in the fight against undeclared work;
- Designing and implementing training plan for social partners;
- Exchange of experience in EU Member States.

**Activity 2.2** Developing of relevant tools of Labour Inspectorate for improvement of its fight against undeclared work.

- Implementing the detailed work plan and developing of relevant tools of the State Labour Inspectorate for improvement of its fight against undeclared work;
- Assisting the Labour Inspectorate to exchange data with other institutions.

**Activity 2.3.** Developing a public awareness strategy of Labour Inspectorate and implementing it together with Social Partners.

- Developing a marketing strategy and brand identity of the campaign;
- Designing and distributing leaflets and posters;
- Designing, developing and disseminating radio and TV public service announcements;
- Implementing a social media campaign;
- Organising public debates with relevant stakeholders.

## **RISKS**

**Risk: Weak administrative capacity of the relevant stakeholders in policy and projects preparation and delivery**

*Mitigation measures:*

- Finalise the establishment of Employment Agency. Develop relevant support services in the Agency cooperation with the existing structures of regional development.
- Careful design of the capacity building activities, including feasibility studies and needs identification.

**Risk: Insufficient number and/or low quality of applications/grant project idea**

*Mitigation measures:*

- Timely cooperation of potential beneficiaries of the grant schemes with the existing regional development structures (regional development agencies).

**Risk: Low interest to use PES services**

*Mitigation measures:*

- Government of Kosovo will consider possibilities for widening services currently provided by PES, including sub-granting direct support to final beneficiaries.

**Risk: Interest of businesses for participating in ALMM is low**

*Mitigation measures:*

- ALMM schemes (involving businesses) will entail incentives for businesses to participate. In addition, they will be adequately informed about the possibilities to participate in ALMM.

**Risk: Potential fluctuation of professional and experienced staff of Ministry and Labour Inspectorate**

*Mitigation measures:*

- In the project Inception Phase, determine which concrete persons from MLSW and Labour Inspectorate will be assigned to the project implementation. Require that their workload is adjusted to the requirements of project activities.
- Maintain regular contact and communication with the assigned personnel in order to build commitment.

**Risk: Lack of readiness of the social partners to participate in the implementation of project activities**

*Mitigation measures:*

- Strengthen cooperation between MLSW, Employment Agency of Republic of Kosovo (EARK) and Social partners;
- Involve target groups representatives within the design of interventions, including grant schemes;

**Risk: Reluctant target audience to declare work**

*Mitigation measures:*

- Continuous campaign during the project implementation should be adapted to the needs of the target audience. Conduct focus groups and direct contact with the target audience

**Risk: Unpredictability in the political environment in Kosovo**

*Mitigation measures:*

- Focus project activities on employees at the operational level for the daily work and communicate importance of the project for all political sides in Kosovo on the regular basis

**CONDITIONS FOR IMPLEMENTATION**

There are no specific conditions for implementation. All proposed activities continue the existing activities and will be implemented under direct management by the EU Office in Kosovo.

**3. IMPLEMENTATION ARRANGEMENTS**

The action will be managed by the EU Office in Kosovo.

The activities under this action will be carried out through the following **types of contract**:

1. Service Contract/s - Activities 1.1, 2.1, 2.2 and 2.3 implemented within Q4 2017 – Q4 2020.
2. Grant Scheme/s - Activity 1.2 implemented within Q4 2017 – Q4 2020.

**ROLES AND RESPONSIBILITIES**

Coordinating body for the IPA II is Ministry of European Integration

**For results 1** the leading institution/main beneficiary of the Action is Ministry of Labour and Social Welfare in cooperation with Ministry of Trade and Industry, Ministry of Education; Ministry of Culture, Youth and Sports, Municipalities of Kosovo. Through a project steering committee, the ministries will advise the project strategically and be involved in monitoring the progress and accepting the results of the project.

Final beneficiaries: NGOs, private companies, formal and non-formal education and training institutions, local labour market stakeholders such as local employment offices, development agencies, regional and local authorities and other. The above entities will apply for and implement the grant actions in support to the youth and women.

The main Project Beneficiaries **for result 2** are the Labour Inspectorate and the Ministry of Labour and Social Welfare, chambers, trade unions, employers' associations that will guide the project through a steering committee and assess the results provided.

Final beneficiaries: private sector companies, local authorities and general public will participate in the project. Their knowhow and awareness will be raised, thus they become closer to the European Standards.

**IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING**

<b>Results/Activities</b>	<b>Methods for implementation</b>	<b>Types of financing</b>
<p>Result 1 Ministry of Labour and Social Welfare (MLSW) is capable to design, implement and monitor the active labour market measures focusing on disadvantaged groups, notably on youth and women.</p> <p><b>Activity 1.1.</b> Active participation of MLSW in drafting and prioritising a project pipeline in the sector of employment, education and social inclusion. Training of the staff of Kosovo authorities and potential beneficiaries in Project Cycle Management, notably in monitoring the active labour market measures.</p> <p><b>Activity 1.2</b> Active participation of MLSW in designing and implementing grant schemes for disadvantaged groups, notably for women and youth</p> <p><b>Result 2:</b> Capacity of Labour Inspectorate, and relevant Social Partners other relevant enhanced and public awareness increased regarding the fight against undeclared work</p> <p><b>Activity 2.1:</b> Designing and implementing a training programme for Labour Inspectorate and Social Partners.</p> <p><b>Activity 2.2</b> Developing of relevant tools of Labour Inspectorate for improvement of its fight against undeclared work.</p> <p><b>Activity 2.3.</b> Developing a public awareness strategy of Labour Inspectorate and implementing it together with Social Partners.</p>	<p>EUO</p> <p>EUO</p> <p>EUO</p>	<p>Service Contract for activity 1.1</p> <p>Call(s) for Proposals /Grant scheme(s) for activity 1.2</p> <p>Service Contract for activities 2.1-2.3</p>

## **4. PERFORMANCE MEASUREMENT**

### **METHODOLOGY FOR MONITORING (AND EVALUATION)**

In line with the IPA II Implementing Regulation 447/2014, an IPA II beneficiary who has been entrusted budget implementation tasks of IPA II assistance shall be responsible for conducting monitoring and evaluations of the programmes it manages. Monitoring should be carried out from the commencement of all projects, and beneficiaries should allocate sufficient resources for data collection from the outset.

Project monitoring should be set up in each twinning, service and supply contract and call for proposals, through the following actions by the beneficiary:

- a) It will ensure that monitoring requirements are promoted in information to potential beneficiaries;
- b) During calls for proposals/tenders, the Beneficiary and CA will ensure that monitoring requirements are explained to potential beneficiaries in the guidelines for applicants, and that the requirements for financial, outputs and results information in the application form is compatible with the strategic documents (financial table and measure-level monitoring indicators) and the operating structure's monitoring needs;
- c) A Project Steering Committee (PSC) will hold the main responsibility for monitoring and evaluating the projects. The PSC will also be responsible for establishing the methodology and instruments for monitoring the implementation of the project. The Project Steering Committee will be comprised of: members from the Ministry of Labour and Social Welfare, Ministry of Education and Ministry of European Integration, representatives from the EU Office, and representatives from the civil society sector.
- d) The request for payment from final beneficiaries, including the financial, outputs and results data, will be checked by the CA and verified by Beneficiary, as part of the financial management and control system, before being forwarded for payment, to ensure they are compatible with the contractual obligations
- e) The verification of operations by the CA/ Beneficiary through sample on-the-spot visits to projects will include checks as to whether the expenditure claimed has actually been incurred and the outputs achieved.

Overall coordination of monitoring the financial and technical progress of the Action will be obtained by the EU Office for Kosovo (EUO) as Contracting Authority.

The European Commission (EUO) may carry out a mid-term, a final or an ex-post evaluation for this Action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the DG NEAR guidelines for evaluations. In addition, the Action might be subject to external monitoring in line with the European Commission rules and procedures set in the Financing Agreement.

## INDICATOR MEASUREMENT

<b>Indicator</b>	<b>Baseline (value + 2014)</b>	<b>Target 2020</b>	<b>Final Target 2020</b>	<b>Source of information</b>
Employment rate (15-64 years), total - %	26.9	38.3	38.3	Eurostat:
Employment rate (15-64 years), male - %	41.3	60.8	60.8	
Employment rate (15-64 years), female - %	12.5	15.4	15.4	
Employment rate (less than 25 years) – total %	9.0	24.4	24.4	
Unemployment rate, total -%	35,3	22.2	22.2	Labour Force Survey (Kosovo Agency for Statistics)
Unemployment rate, male -%	33.1	16.7	16.7	
Unemployment rate, female-%	41.6	38.6	38.6	
Unemployment rate, less than 25 years -%	61.0	44.9	44.9	
Poverty rate, relatively, %	29.0	25.0	25.0	Household Survey (Kosovo Agency for Statistics)
Poverty rate, extremely, %	10.2	5.0	5.0	
Number of completed entrepreneurship projects/grants addressing active labour market measures generating new employment	10	60	60	Reports of Ministry of Labour and Social Welfare
Declared workers, %	50.4	64.4	64.4	Kosovo statistics Administrative registers of Kosovo
Staff of Labour Inspectorate trained in fighting against undeclared work, %	0	50	50	Reports of Ministry of Labour and Social Welfare Reports of Labour Inspectorate

## 5. SECTOR APPROACH ASSESSMENT

Relevant Kosovo strategies as presented on pages 8-10 of this document are guiding the competitiveness policy development in Kosovo by addressing three key sectors: private sector development, education and employment. These sectors are closely interrelated and every action that is to be implemented in employment sector should take into account on developments in education and/or competitiveness sector. Employment sector with its institutions provides corrective and active measures to reduce structural mismatches, high unemployment rates (around 35%) and low employment rates especially among youth, women and other disadvantaged groups such as ethnic minorities and persons with disabilities. The demand for labour in Kosovo is low when compared to the supply. Often, skills required in the labour market are not available locally, or are of poor quality. Unemployment rate among those with VET education is 70% (2013) and slow job creation is not the only factor contributing to it. The VET system needs further development to be able to sufficiently meet the labour market needs in terms of relevance of qualifications.

Existing active labour market policies and education policies are not sufficient to overcome identified problems in the labour market. There is a clear lack of institutional capacity to tackle above mentioned structural problems. Participation in active labour market programmes is still insufficient due to the lack of financing (up to 0,30% of GDP, financed mainly through donor funds and 0,16% of GDP for public employment services) and adequate portfolio of ALMM and services provided by public institutions and non-governmental institutions is still missing.

Kosovo is working to adopt an overarching National Development Strategy (NDS). Formal process of drafting and approving the NDS has started in 2015, covering a period of six years to be reviewed every two years. Kosovo has adopted its first Economic Reform Program (ERP) following the European Commission guidance. The exercise will be repeated on a yearly basis. Furthermore, in line with challenges identified in ERP and initiatives and measures outlined to address these challenges, the Government of Kosovo has adopted the Government Program 2015-2018 which further solidifies its commitment to address impediments to sustainable growth in Kosovo. One of the main policy areas is related to Human Capital and contains initiatives on pre-university education; linking VET and labour market; implementing active labour market policies and improving Research and Development capacities. Active labour market actions and establishment of the modern public employment service are highlighted as a priority for action.

These strategies are in line and complement the Employment and Welfare Strategy 2015-2020 which is a comprehensive strategy that aims to improve the functioning of the labour market, promote skills development, overhaul the social welfare system and consolidate the role of social partners. The EU will support Kosovo in implementing the Employment and Welfare Strategy 2015-2020 and in improving the institutional capacities to design and implement effective policies. It will also support specific and targeted policies aimed to raise the employability and social inclusion among particularly vulnerable groups such as long-term unemployed, marginalised communities, youth and women, with a view to promoting active inclusion.

Government of Kosovo manages development of policies, strategies and action plans aimed at strengthening economic development and Ministry of Labour and Social Welfare is the leading institutions for implementation of reforms in the employment and social policy sector. Ministry of Labour and Social Welfare (MLSW) focus of work is on providing modern employment policies and services which aim to register, profile, mediate and support through training and other active labour market measures the jobseekers, while at the same time continue addressing informality in employment.

This is done by the MLSW itself or through PES, which is more operational body responsible for concrete services delivery to clients. They are crucial actors in creating responsive labour market in Kosovo at all levels.

This Action fully supports implementation of the sector approach and contributes to the achievement of the Kosovo strategic objectives in the field of employment by setting/improving the structures at all

levels which can support more efficient active employment policy design and implementation. It also creates a concrete portfolio of active labour market measures which are aligned with the needs of the labour markets and create conditions for their implementation by local actors.

Indicators for measuring the success of the Action are set in the mid-term (three years) strategy implementation programmes to help support different objectives. Each of the strategic or policy documents is accompanied by detailed action plans comprising indicators to measure the implementation of the strategy/policy.

To address these issues MLSW has planned EUR 10 million (EUR 8 million from EU and EUR 2 million from MLSW in, 2017 and 2018 and 2019). The action designed and implemented from co-financing and contracted by MLSW will be implementation of active employment measures based on the MLSW Operational Guidelines, such as on-job training, institution and enterprise based training, internship and apprenticeship programmes targeting vulnerable groups among unemployed and wages subsidies.

MLSW is a leading institution for implementing these reforms but the overall coordination of the donor programmes and EU support in Kosovo lies on Ministry of European Integration (MEI).

## **6. CROSS-CUTTING ISSUES**

### **GENDER MAINSTREAMING**

The Action will take a pro-active approach to ensure the participation of women working in MLSW, Labour Inspectorate and those employed in social partners organisation as well as NGOs in the planning and implementation of project activities, through close collaboration with social partners and the department for gender equality of the Office of the Prime Minister. The PES (Public Employment Services) and VTC in their new structure and processes will embed diversity, open-mindedness and inclusion on a profound and comprehensive basis in all business processes. In this way diversity will contribute to success of the organisation. Through diversity management, Labour Inspectorate and other institutions involved in the Action will increase their productivity and enhance the positive work environment. This will be done by communicating both business and social importance of equal treatment, including promotion of organizational achievement in this field which can become raw models for developing good gender practices. In approach to gender mainstreaming the Action will emphasise the positive effect of good gender policies on: employees' motivation and effectiveness, work environment and organizational culture, creativity and innovation, company's reputation and prestige, and its impact on reduction of financial costs.

In addition, all planned interventions should take into account the specific impact they have on women, as part of the overall gender mainstreaming agenda. Gender-sensitive budgeting should also be applied throughout programming cycles to ensure proper division of support for men and women, and ensure results and consequent impact with both of them.

### **EQUAL OPPORTUNITIES**

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. Equal access to all benefits of the Action will be promoted. More specifically; training and other capacity building activities in this project (timing and schedule) will be fully adjusted to the needs of women with children, training and meeting premises will be fully adapted to the needs of persons with disabilities, equal opportunities principles and concrete measures will be embedded in all strategic documents that will be produced under this Action (GfA, local strategies, portfolio of ALMM etc.) and access to employment for all groups in the society will be especially promoted.

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. Equal access to all benefits of the Action will be promoted. More specifically; training and other capacity building activities in this project (timing and schedule) will be fully adjusted to the needs of women with children, training and meeting premises will be fully adapted to the needs of persons with disabilities, equal opportunities principles and concrete measures will be embedded in all documents that will be produced under this Action..

## **MINORITIES AND VULNERABLE GROUPS**

Vulnerable and social disadvantaged/excluded groups represent the main focus of the project. Therefore, all the activities will try to maximize the benefits for women and men, youth and children amongst the most vulnerable groups including: ethnic minorities (notably those in poverty and social exclusion), women in rural areas, people with disabilities and their families, victims of domestic violence, children in need of care, and the elderly persons.

It will be important to involve the representatives of these groups for which ALMM and services within this Action are designed in the initial needs assessment and the development of the policies and measures. These groups will be aware of the purpose and the benefits the measures offer as well as of the fact that they are tailored taking their needs into consideration. In this way, the risk of a lack of commitment and involvement of the target groups themselves in the measures and unwillingness to actively participate in their implementation will be tackled. This will then lead to their efficient and successful implementation and long-term impact.

The Action will try to maximize the benefits for women and men, youth and children amongst the most vulnerable groups including: ethnic minorities (notably those in poverty and social exclusion), women in rural areas, people with disabilities and their families, victims of domestic violence, children in need of care, and the elderly persons. This will be done by allowing participation of disadvantaged groups or their representatives in the process of designing the tools for improvement of the working conditions for workers from all groups in the society and fight against undeclared work. Representatives of the CSOs which are advocating for the rights of the disadvantaged groups will be included in the trainings and other capacity building activities which aim to increase involvement of social partners in addressing the problems of undeclared work. The opinions and attitudes of disadvantaged groups, their needs and constraints will be directly communicated with them through focus groups which will be implemented to assess the relevance of the approach to media campaign that will be conducted under this project.

## **ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER STAKEHOLDERS)**

Civil society organizations / social NGOs are one of the key partners in implementation of this Action. In addition to providing financial sustainability of their activities through grants, the Action will also build and develop their capacities for social and family services management, provision in relation to social service standards, project management, and transformation into social enterprises. Their key role in the local employment policy making and delivery process will be promoted by enabling CSOs to participate in the local strategy development and implementation of measures/projects that will be underlined as a priority to local community. A partnership and consultative approach will be implemented across the Action activities; CSOs will participate in the design of employment policies, provide feedback on labour market needs from the first hand, act as a local partner in creation of partnership structures and actively develop and deliver innovative local employment development actions.

Civil society organizations and social partners are crucial for implementation of any type of assistance which is related to fight against undeclared work and in general labour relations. The process of their capacity development will be mainstreamed through all project components, having particularly in mind that participative approach to learning will be promoted to ensure better educational outcomes and creating sustainable knowledge base. A partnership and consultative approach will be implemented across the Action activities; CSOs and other social partners will participate in the design of the policies

and operational procedures which will guide the fight against undeclared work at all levels. They will be actively involved in media campaign and outreach activities, motivating their partners and members at local level to promote the idea of formal employment and workers rights.

## **ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)**

Each activity of the project was designed not to have an impact on the environment. As such, the scope of the project does not involve any elements that would directly have an impact on environment.

## **7. SUSTAINABILITY**

It is expected that results of this Action will enable an improved response capacity of MLSW, PES and local labour market actors to the changing needs of the labour market through the use of a wider range and more efficient active labour market measures and services. A new, improved structure and business processes of Kosovo PES will be established with the support from the partner PES (Public Employment Services) from one of the EU Member States. Along with the capacity building through trainings and individual face-to face support; this will have an immediate positive effect on delivery of labour market policies and measures, with special emphasis on providing training services to unemployed clients. More effective PES (and VTCs) with their core functions (job mediation, ALMM and LM analysis) and skilled personnel will lead to a better performance of the labour market, at all levels. The Action will improve access to training services and their overall efficiency by providing a sound analytical background to the process of curricula development that will be promoted and implemented in the local labour market. Placement rates will be increased due to the improved matching services, and general employment policy will be tailored in a more strategic and participative way, allowing all stakeholders to make contribution to the achievement of the Kosovo strategic objectives in the field of labour market and economic development.

The MLSW and PES at central and local level will be responsible for the full implementation of new structure and processes after this project ends. Activities will be delivered regularly by the PES counsellors and advisers at the central and regional level. After the end of the project these activities will be financed from the Kosovo budget.

An important sustainability issue is also the creation of partnerships for employment and social inclusion among the local stakeholders. This refers to the clear relationships between the central level institutions and local stakeholders, but also the relationship between the stakeholders from different sectors (social partners, civil society organizations, PES, local authorities). An understanding and appreciation of bottom-up approach is crucial here, as the positive changes in the overall, central level situation will be achieved by applying appropriate locally-oriented policies and measures and solving local issues, keeping in mind and giving due attention to Kosovo policy level objectives. For this purpose, a local partnership structures will be establish, to develop and implement locally oriented active labour market policies. The ownership of local partnership structures, strategies and measures (projects, regular services) that they will promote, will be on local level stakeholders but coordinated by the MLSW and PES at the local level. Financing of the local partnerships and implementation of the local strategies and pipelines will be ensured through shared resources management between different institution and capable technical personnel, ready to apply and implement grant projects that will be available through different sources of funding. A part of the sustainability will be ensured through the funds of the MLSW and their available resources which will include Kosovo budget and EU funding.

This Action will contribute to the fight against undeclared work by creating a sustainable capacity among Labour Inspectorate and social partners to address this problem on both, policy and operational level. A partnership platform will be created as a mechanism for tackling inequalities in the labour market and promotion of formal employment. The main actors, Labour Inspectorate and social partners will receive competences, tools and methods for addressing these issues (programme and strategy for

fighters against the undeclared work, continuous public awareness). The labour legislation is very strict and working in extremely competitive European and world markets does not give mean that employers and institutions can ignore their responsibility for the protection of employees and respecting the laws. Undeclared work is a huge burden for the Kosovo economy and it affects everyone -employees, employers, and Kosovo institutions. In such a situation the role played by the labour inspectorate and social partners is vital, both in terms of enforcing the legal regulations and also in educating employers and employees, by providing advice and raising awareness - which are crucial part of this Action. It will be ensured that knowledge of the key actors in this action is enhanced; their ability to jointly tackle undeclared work is more efficient and positively affecting employers and employees attitudes. The Action will also promote a positive public image of the Labour Inspectorate as an institution which aims to assist its clients through the provision of information, advice and support, as well as inspection and compliance checking services.

The MLSW and Labour Inspectorate will be responsible for the full implementation of new partnership structure and activities after this project ends. Activities will be delivered regularly by the Labour Inspectorate and social partners. After the end of the project these activities will be financed from the Kosovo budget. A part of the sustainability will be ensured through other sources which will include donor support and EU funding.

## **8. COMMUNICATION AND VISIBILITY**

Communication and visibility will be given high importance during the implementation of the Action.

The implementation of the communication activities shall be the responsibility of the beneficiary, and funded from the amounts allocated to the Action. All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the European Commission (DG NEAR) will have to be followed.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions and will promote transparency and accountability on the use of funds.

It is the responsibility of the beneficiary to keep the EU Office and the Commission fully informed of the planning and implementation of the specific visibility and communication activities.

The beneficiary shall report on its visibility and communication actions in the report submitted to the IPA monitoring committee and the sectorial monitoring committee.

The stakeholders at which the communication should especially be aimed are the staff of the Ministry of Labour and Social Welfare and the PES, those directly involved in the projects activities, such as the employees of local PES branches, employers, trade unions, NGOs and vulnerable and disadvantaged groups in the labour market.

## ANNEX

### **The Employment and Social Welfare Strategy 2014-2020 Strategic Objectives and activities**

Strategic Objective:

**Increase employment of women and men, skills development and better functioning of the labour market.**

Specific objective with activity:

**1. Reform and modernization of Public Employment Service (PES) to respond to labour market needs**

- 1.1 Design, approval of organizational structure, operationalization of EARK.
- 1.2 Construction/renovation of physical infrastructure of Employment Offices and VTCs.
- 1.3 Development of internal training system for EARK staff.
- 1.4 Issue of sub-legal acts for licensing of non-public employment service providers.
- 1.5 Development of the performance measuring framework for PES staff.
- 1.6 Profiling of jobseekers for the provision of PES targeted services.
- 1.7 Development of nomenclature of ISCO 08 occupations according to ILO standards.
- 1.8 Development of multi-channel services for the provision of employment services for jobseekers and employers.
- 1.9 Improvement and Integration of Labour Market Information System (LMIS) into Higher Education Information Management System (HEIMS) and other relevant institutions.
- 1.10 Organizing of PES services promotion activities.
- 1.11 Establishing cooperation between Department of Labour and Employment and non-public employment service providers.
- 1.12 Improvement of migration services and initiation of bilateral agreements for seasonal employment in EU countries.
- 1.13 Amendment of the law on registration and evidence of jobseekers and unemployed.
- 1.14 Study or research no initiation of employment promotion legislation development and modalities for unemployment benefits.
- 1.15 Development of soft skills for VTC trainees based on labour market needs.
- 1.16 Development of Concept paper and the Law on Social Enterprises.

## **2. Expanding active labour market measures focused no women and men with labour market difficulties**

- 2.1 Review of active labour market measures and proposal of new measures
- 2.2 Feasibility study for establishing a sustainable financing mechanism for ALMPs.
- 2.3 Design and expansion of Active Labour Market Programmes based no the results from the active labour market measures review (on-the-job training, wage subsidy, internship, public works), including marginalized groups.
- 2.4 Development of self-employment and entrepreneurship programme.
- 2.5 Outsourcing of training services with external providers.
- 2.6 Establishing a framework for ALMP monitoring and evaluation.
- 2.7 Establishing cooperation and coordination platform with different actors on active labour market measures.
- 2.8 Design and piloting of grant scheme for implementing employment measures for non-public organizations, including social enterprises.
- 2.9 Research of labour market needs and labour cost.

## **3. Provision of quality vocational training services relevant to labour market needs**

- 3.1 Equipping of workshops with up-to-date tools and equipment for training needs in new workshops and replacement of outdated equipment in existing VTC workshops.
- 3.2 Establishing new occupational profiles in newly constructed VTCs.
- 3.3 Review of curricula and development of learning packages for occupations provided in VTCs, based on the labour market demands and on occupational standards.
- 3.4 Re-accreditation of vocational training providers and validation of qualifications.
- 3.5 Training and certification of trainers for provision of vocational training services.
- 3.6 Evaluation of quality assurance level in the vocational training provision.
- 3.7 Vocational Training of trainees detained in Correctional Centres (CCs) and of delinquent individuals.
- 3.8 Vocational training of VTC trainees through a mixture of VTC-In-company training.