EVALUATION OF THE PUBLIC WORKS PROGRAMME IN SERBIA IN THE PERIOD 2008-2009

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Introduction

To what extent policy-makers should rely on active labor market programs (ALMPs) to activate and eventually employ disadvantaged workers? While some argue that public works are nothing but the waste of funds, the proponents view this ALMP as a useful instrument for improving labor market and helping vulnerable groups. This paper reflects on this dilemma and examines whether the public works program in Serbia has fulfilled its objectives and reached the groups the program was designed to help.

The Government of the Republic of Serbia focused on public works in 2009 in an attempt to respond to the challenges of the global economic crisis and mitigate its negative effects at the labor market. The scope of this evaluation is to assess the design and implementation of public works in 2008-09 in order to clearly determine whether this measure provided temporary employment to the labor force expected to be hardest hit by the crisis: long-term unemployed, low skilled labor force with focus on women, refugees and internally displaced persons, Roma, persons with disabilities, and people on social assistance.

Therefore, this paper intends to provoke discussion related to the appropriateness of public works as means of helping these groups in fighting poverty and social exclusion. The authors tried to provide answers to the following questions:

1. What was the purpose of public works?
2. What are the features of labor market in Serbia and how public works can improve it?
3. How strategic documents of the Republic of Serbia define public works and its goals?
4. How was the program designed? What were the selection criteria? How was the tender documentation formulated?
5. How was the program implemented? What was the outreach of public works, especially having in mind rural municipalities? How was the program monitored?
Did it reach unemployed persons from the National Employment Service (NES) registry, providing temporary employment of vulnerable categories?

6. What was the role of main stakeholders in its implementation: local self-governments, NES, Ministry of Economy and Regional Development (MoERD)? What was the role of employers, above all public enterprises, but also NGOs and private firms?

This paper has three chapters. The first part gives definition of public works, portrays the situation at the labor market in Serbia and describes public works program. The second part starts with the overview of strategic documents regarding public works in Serbia and later presents findings of this assessment based on the analysis of relevant documents and interviews conducted in selected municipalities where public works have been implemented. The municipalities were selected on the basis of the level of development and participation of unemployed persons in the total number of citizens. Interviews were carried out with representatives of NES, local self-government, employment councils, as well as employers. The (temporary) employed persons, i.e. beneficiaries of the public works program were not interviewed; having in mind that beneficiary assessment was beyond the scope of this evaluation. Finally, the third part provides recommendations for the improvement of public works program in Serbia.

This process evaluation was supported by the Social Inclusion and Poverty Reduction Unit within the Office of the Deputy Prime Minister for European Integration. Public works program is an important part of the social inclusion agenda, to which Serbia increasingly adhere in the accession process, and its evaluation is relevant for further design of activation and temporary employment programs intended to reach vulnerable groups. This paper hence aims at contributing to the process of informed policy making in Serbia and to the creation of the
environment in which policy formulation and implementation is based on data and impact assessment.

I. Context

I.1. Definition of Public Works

Public works were originally designed to increase labor demand as a counter-cyclical instrument. With time they became mostly focused on low-qualified, long-term unemployed workers aiming at supporting their activation and preventing them from leaving the labor market. These programs also serve as a short-term poverty reduction intervention with the objective to mitigate marginalization of disadvantaged groups. Public works are often used in the period of crisis to provide a source of income to poor households by creating temporary jobs. However, the long-term effect of public works on improving chances for non-subsidized employment after the expiration of temporary job remains low.

This is confirmed by relevant international impact evaluations of ALMPs (Betcherman et al, 2004, Kluve, 2006, Kuddo, 2009). As emphasized by these authors, positive, if any, economic and labor market effects for beneficiaries are limited to the period of the program, as the experience gained by participating in public works does not result in better chances to find and/or to keep permanent job. All the authors however insist that public works, as safety net interventions, are capable of protecting the poor from income shocks, thus reducing both temporal and seasonal poverty. Subjective feeling of the improvement of welfare for participants should not be forgotten either (as seen in Bonin and Rinne, 2006), despite the fact that their objective situation is usually slightly improved. Besides, public works are creating useful public goods or services for local communities, as those programs often include projects which provide creation, maintenance or reconstruction of existing infrastructures, environmental and agricultural projects or cleaning roads and other public facilities.
On the other hand, public works are neither popular among employers nor among jobseekers (Betcherman et al, 2004, Kuddo, 2009). The employers are not convinced that they can find workers with adequate skills through public works; while employees, especially the ones with high skills previously engaged in capital-intensive privatized industries can be stigmatized by accepting low-qualified jobs, also suffering from the negative image of public work schemes.

The usual length of public works goes from three months to one year. Both private firms and NGOs can implement those programs. As the recent World Bank study shows (Del Ninno, Subbarao, Milazzo, 2009), main motivations for public works in Sub-Saharan Africa and South Asia are to counter seasonal unemployment and as a poverty relief, in the Middle East and East Asia to counter the hardship of a large one-time shock and as income transfer for the unemployed, whereas in Central and Eastern Europe the usual motivation of the program is to serve as an active labor market intervention.

Out of the small number of universal recommendations for the public works programs, (Betcherman et al, 2004, Kuddo, 2009), the ones for successful interventions always include comprehensive packages of services, programs that are oriented to labor demand, linked to real workplaces and carefully targeted. Therefore, it is not surprising that the effects of public works are usually more positive when the economy is growing; in the periods when, however, there is a less need for them.

I.2. Labor Market in Serbia

The main characteristics of the labor market in Serbia were not favorable even before the global economic crisis. As the crisis unfolded, labor market indicators further deteriorated. According to all three relevant sources of data – labor force survey (LFS), establishment survey and NES, the employment decreased while unemployment and inactivity increased in 2009.

**Table 1.** Employment and Unemployment According to LFS 2006-2009
Negative feature of the labor market in Serbia is embedded in the fact that only employment segments increasing for years are the least productive ones such: (a) public sector employment (administration at all levels, public enterprises, education, health, army and police), (b) agricultural employment (small farmers and helping family members), (c) self-employment, and (d) informal employment. On the other hand, private sector wage employment constantly decreased.

For understanding situation at the labor market in Serbia, it is necessary to analyze the category of ‘vulnerable’ employment, which is defined by the International Labour Organization (ILO) as a percentage of owners, self-employed, farmers and contributing family members in the total number of employed. The real picture of the amount of ‘bad’ jobs - with low salaries and in informal sector, usually also without health insurance and low level of protection at work - can be seen only by looking at the vulnerable employment rate, which was 28.6% (30.8% for men and 25.7% for women) for Serbia in 2009 according to LFS. It is also warring that the vulnerable employment is particularly high among older workers (39.8%), low-educated (59.1%), rural population (46.2%) and Roma (46.8%).

It is not surprising that the global economic crisis had the highest impact on above-mentioned vulnerable groups, as pointed out by two recent studies on the situation at the labor market in Serbia (Krstic et al, 2010, and Matkovic et al, 2010). The fact that those vulnerable groups were hardest hit by the crisis, these authors explain by the existence of duality at the labor market. Unlike persons employed in public and partly in private sector with high level of security, secondary labor market - comprising of employed with flexible forms of contracts, self-employed and employed in ‘gray’ zone of the economy - adjusted much faster and to a larger scale to the recession.
I.3. Active Labor Market Programs and Public Works in Serbia

Active labor market programs are totally marginalized in Serbia. Their budget is slightly above 0.1% of gross domestic product (GDP), which is much less than in the EU where ALMPs share in GDP is 0.9%. On a positive note, a stable growing trend of that share has been recorded in most recent years, from 0.06% of GDP in 2005 to 0.12% in 2009. Moreover, true costs of ALMP interventions are higher, as the above-mentioned figures do not include operational costs of NES, which is implementing labor market programs under the supervision of MoERD. Although there is no mechanism to determine the exact percentage of operating costs related to the ALMP implementation, it can be safely assumed that those costs were in most years roughly equal to the total ALMP expenditures (Arandarenko and Krstic, 2008).

How these resources are used is however totally different question. Apart from the political influences, inertia and ad-hoc assessment of relative importance of potential targets for intervention, these authors emphasize weaknesses in program design and monitoring as main reasons for higher probability for various negative effects to occur such as deadweight loss and substitution and displacement effects, which are immanent to ALMPs.

The implementation of public works in Serbia started in 2006. The amount of financial resources dedicated for public works, as well as the number of beneficiaries, has been constantly increasing since then. Nevertheless, budgets for public works programs remain to be modest.

**Table 2. Number of Beneficiaries of Public Works 2006-09**

In response to the crisis, ALMPs have been restructured and refocused in April 2009. The bulk of funds were streamlined to only two measures, apprenticeship program and public works. Those two programs were aimed respectively at two groups of labor force members expected to be hardest hit by the crisis – youth without a significant previous work experience and long-term unemployed facing the poverty risk.
It should be emphasized that the available modestly allocated budget for ALMPs officially remained unchanged in 2009 (at 3.7 billion dinars, or some EUR 35 million, or 0.12% of GDP), but has been augmented by almost the same amount to be spent exclusively in the autonomous province of Vojvodina, which channeled a significant portion of its privatization incomes to ALMPs.

II. Public Works Program in Serbia

II.1. Public Works in Strategic Documents of the Republic of Serbia

In the National Employment Strategy for 2005-2010, public works are defined as a counter-cyclical measure for poverty reduction, as they provide low-paid temporary employment. It is also emphasized that the main goal of public works is to increase employability of the most disadvantaged workers, typically in underdeveloped regions, by allowing them to get necessary working experience as well as basic vocational trainings, which are recommended in the preparatory stage of these programs.

Priorities and activities of the National Employment Action Plan for 2009 also emphasize the importance of public works programs for hard-to-employ categories of unemployed.

II.2. Calls for Proposals in 2008 and 2009

Public works, as any other ALMPs in Serbia, are implemented by NES in coordination with MoERD. In practice, public works are carried out by employers appointed by NES based on the public competition. This is in line with the Law on Employment and Unemployment Insurance from 2003, as well as with the goals of the above-mentioned National Employment Strategy and National Employment Action Plans.

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1 Public works program have been implemented in 2008 and 2009 according to the old Law from 2003, due to the fact that the new Law on Employment and Unemployment Insurance have been adopted in May 2009; at the time when the call for proposals was already launched.
**Priorities in 2008 and 2009.** From the beginning, the main goal of public works program was to target hard-to-employ persons; while the additional criteria to contribute to the equal regional development was introduced later. Hence, the program is implemented in under developed and least developed municipalities in Serbia.

According to the call for proposals in 2008, priorities were given to the projects, which supported:

a) Employment of vulnerable categories such as long-term unemployed, social assistance (MOP) beneficiaries, persons with disabilities, older workers, women, Roma, etc;

b) Under developed and least developed municipalities, as well as the ones where the unemployment rate is higher than the Serbian average;

c) Level of co-financing from other sources.

In 2009, the list of priorities included additional criteria, similar to the standard ALMPs:

d) Possibility to get permanent employment;

e) Duration of public work and the number of employed persons.

**Different activities of public works.** In both years, public works have been organized in three fields:

a) Humanitarian and social fields, including culture;

b) Maintenance and reconstruction of public infrastructure;

c) Environmental protection.

**Contractors.** The right to apply was given to:

a) Institutions of autonomous province and local self-governments,

b) Public institutions and state-owned enterprises,

c) Private firms,
d) Entrepreneurs,

e) Cooperatives,

f) Civil society organizations.

**Purpose of the funds.** The program of public works covered:

a) Salaries of beneficiaries in the amount of minimum wage in the Republic of Serbia, according to the current legislation and including all contributions, increased by 15%, 30% and 45% for persons with secondary, higher and high level of education respectively;

b) Travel costs;

c) Health and safety costs;

d) Costs of implementation of up to 10% of the total cost, including costs of contractors and necessary equipment and material for work.

In 2008, costs of trainings were also covered in case that those trainings had been conducted by the institution other than the contractor itself.

**Selection of the projects.** Tender procedure included opinions of (a) the local self-government regarding the justification for public works, (b) NES concerning the possibility to engage unemployed workers, and (c) the relevant Ministry in regard to the public interest for public works.

Scoring list for selection of projects was introduced in 2009. First, the applications were rated at the level of NES Branch Offices according to the scoring list; then, the list of projects was sent to MoERD. According to the already-mentioned Law on Employment and Unemployment Insurance, the following procedure was applied:

1. The Minister of Economy and Regional Development made decision about the establishment of the Commission for selection of public works projects, which
included representatives of NES and other relevant Ministries such as Labor and Social Policy, Health, Environment, Local Self-Government, etc. The obligation of MoERD was to carry out all expert and administrative works according to the needs of the Commission.

2. The task of the Commission was to examine received applications, rated by the NES Branch Offices according to the scoring list, and to determine the list of priority projects, which was given to the relevant line Ministries for opinion.

3. According to their opinion, the Commission then determined the final proposal of projects to be supported for organizing public works, which was recommended to the Government for adoption.

4. Upon the Government’s decision, the applicants were informed about the status of their projects by the relevant NES Branch Office and the contracts were consequently signed.

**Monitoring of projects.** Monitoring of public works was organized by NES through their network of Branch Offices. The contractors, which implemented the projects, were obliged to allow controlling visits at any time during the realization of public works. NES and MoERD were required to break the contract and ask for refund from contractors in case the control determined that funds were not used for earmarked purposes. The contractors were obliged to pay back the total amount, increased by default interest on arrears.

**Communication.** Calls for proposals were announced in the Official Gazette of the Republic of Serbia in 2008 and 2009. The information was also given by NES and its Branch Offices and communicated by the media. Although NES Branch Offices organized meetings in municipalities in order to inform potential candidates, the program was rarely communicated in smaller, usually rural communities.
Budgets for public works in 2008 and 2009. Total cost for public works in 2008 was 967.5 million dinars, which included wages, costs of health and safety at work, as well as costs of implementation, travel and trainings. Out of that number, 650 million dinars were allocated from the 2008 budget, while the rest was paid according to decisions from 2006 and 2007, representing realization of earmarked surplus from previous years.

In 2009, 1.3 billion dinars were allocated for public works. Out of that number, 1.139 billion dinars were spent in the same year.

II.3. Implementation of the Program

Priority groups. Regarding the structure of beneficiaries, the only characteristic followed by NES in 2008 and 2009 was the level of their education. According to that criterion, non-qualified workers had the highest percentage (above 60%) in 2008, followed by workers with secondary education (slightly more than 30%). Similar situation was present in 2009; out of 8 255 unemployed persons from the NES registry, approximately 60% were low-qualified workers.

However, this is not confirmed by other sources of information. Based on the preliminary tables from the recently established NES internal database, it is obvious that the data do not match according to the above-mentioned characteristic – level of education. It seemed in this case that workers with secondary education were more represented than low-educated. Hence, it remains unclear whether public works really reached hard-to-employ, low-qualified workforce as it was initially planned.

The same preliminary data prove evidence that men are twice as represented as women. In the total number of beneficiaries, young (bellow the age of 30) were significantly more represented than older workers (above the age of 50) in both analyzed years. Out of approximately 40% of beneficiaries, which were long-term unemployed, half was waiting more than two years for a job. Every 10th beneficiary was a person with disability, Roma or MOP user;
i.e. all those categories represent slightly more than 10% of the total number of beneficiaries of public works program. The total number in both years of refugees and internally displaced persons was only 172 in absolute terms.

All the above-mentioned data should not be taken for granted, as they are based on preliminary tables from the NES database which will be officially introduced in 2010, hence allowing for more adequate monitoring of ALMPs beneficiaries according to the various characteristics such as level of education, sex, age, period of unemployment according to the NES registry, etc. Persons with disabilities, refugees and internally displaced persons, ethnic groups and MOP beneficiaries will be also separately tracked.

**Priority municipalities.** According to the already mentioned tender criteria, municipalities were classified based on the level of development; less developed getting more points. As decisive authority, MoERD also took other criteria in making final decision: percentage of unemployed in the total number of citizens, as well as previous experience with public works implemented in given municipality.

**Activities.** In 2008, 47.49% of beneficiaries were engaged in the environmental protection, followed by 32.92% and 17.18% engaged in social/humanitarian fields and public infrastructure respectively.

In 2009, most of the projects were focused on environmental protection (40%), followed by humanitarian and social fields (25%), and public infrastructure (23%). The number of beneficiaries only partly follows this path, as approximately 49% was engaged in the environmental protection, while app.28% and 18% were employed in the public infrastructure and social fields respectively.

The evaluation however showed, irrespectively of the type of activities, that the motivation of people for public works is lower during the agricultural season due to: (a) the lack
of available time, (b) the possibility of earnings, by default higher, in tourism or other agricultural activity such as picking the grapes, which is usually not formally registered.

Public works from the social field attracted a lot of attention having in mind that it is a new type of public works, not present before in Serbia. Also, there is a great need for those services in all municipalities, especially rural and/or with high number of older people.

Although the authors of this evaluation expected that there is a link between selected activities and structure of unemployed according to the level of education, it was not proved in practice. The employment of workforce with low and secondary level of education was similar in all fields. The only difference was higher percentage of high-level educated workforce in the social field in comparison to the infrastructure and environment protection.

**Implementation.** Problems in realization of projects largely stemmed from their selection. In some municipalities contractor directly selected unemployed persons from the NES registry, this eventually leading to splitting up the reimbursement between the employers and employees. Municipalities in which wages provided through public works were higher than average earnings in local communities were more seductive to this behavior.

Sometimes, it was not clear who selected temporary employed persons, NES or companies themselves. In some cases, employers insisted on their own choice in engaging unemployed persons from the NES registry.

A weak link between public works and local economic development plans proved to be a problem. Sometimes, certain programs were implemented more than once. For example, cleaning dumpster depots was done by moving garbage from one place to another without a clear connection between the interventions and recycling, which would certainly provide sustainable solution for local communities.
Other problems in implementing public works program included, misuse of sick leave by temporary employed workers. They are entitled to this benefit by law and in this respect enjoy the same rights as any other employed worker. The realization of public works was endangered in projects with low number of engaged persons. Other examples include projects with workers going on strike, which disrupted the implementation of the public works.

One of the major challenges was the fact that it was hard for beneficiaries to cross register from the social assistance program (MOP) to the NES registry and vice versa. This was one of the major reasons for weak participation of MOP users in public works.

Weak or in many cases absent links between various ALMPs implemented in Serbia certainly did not contribute to their higher effect. For instance, training costs represented modest 0.587% of the total for public works in 2008, while only 1132 persons out of 10184 took part in them. In 2009, trainings were not even a part of the public works program, although they represent desirable complementing component of it.

**Monitoring of the program.** As this analysis shows, public works program has been monitored and evaluated on the grounds of process outcomes. The reason why outputs are not part of the evaluation is that they have never been a part of the monitoring and evaluation (ME) plan, ME only took into account the number of employed persons immediately after the completion of the program.

Monitoring of the public works program has been carried out only through the NES Branch Offices. Due to high number of projects and dispersed territory that in average single NES office covers, the monitoring has been of limited scope. By random sampling, the NES Head Office in Belgrade selected 17 projects for the evaluation in 2009. The Office was pleased with the findings: public works have been ongoing and workers were on their jobs.
Monitoring was not an easy task for the NES because of the limited number of NES staff in the Branch Offices and the large size of the territory covered. “We usually need 2 hours only to get to a project site. By the time we get there everybody knows there we are coming. This is why it was hard to establish how the project actually worked and whether all the workers were all the time on their jobs”, says one of the interviewed NES employees. Labor Inspection provided full backup to the public works program but the number of labor inspectors is also very small. For example, in the Branch Office in the city of Bor, there was only one labor inspector, who also covers other towns in this region (Majdanpek, Negotin, Kladovo, etc).

Belgrade, the capital of Serbia, took the lead in the number of terminated contracts: out of the five in total, three contracts have been revoked in Belgrade in 2009. In all the occasions, the projects were carried out by Roma civil society organizations (CSOs). Prime reason for the contract termination was that not all the workers were at job sites when the monitoring took place. The Roma organizations are being trailed and are awaiting court decision. In the town of Beocin in the Province of Vojvodina, another Roma CSO was under the scrutiny of financial inspection, which very occasionally took place on other projects under the public works program. In general, public works program rarely engaged unemployed of Roma nationality or the Roma on social assistance, so one could assume that the Roma were discriminated throughout the program implementation. But, as the NES officials underline, the only complaints that they received were the ones from Roma who were temporarily employed by the Roma CSOs.

Financial oversight was almost invisible. NES formally controlled all the transfer of funds from one account to another, but the role of establishing the price of purchased services or products, or ensuring oversight of the accounts or the supervision of value chains, was never the NES mandate.
A number of contractors sent photos to the NES of the sites before and after public works as a proof that the intervention has taken place. When other control mechanisms are not in place photos seem as a good idea. The question however remains what in fact they prove. Lastly, the status of beneficiaries of public works in the labor market has not been monitored after the completion of the program. So it is hard to evaluate its net impact. According to the NES records, employment rarely occurred immediately after the end of the program. For more information please see Table 4.

**Information.** Public works is a program that attracts high attention of the media, local and national. The media played important role in informing the public and contractors on launching of the public works application process. Public companies on the other hand received the information directly from the NES. Rural communities were the last in the information chain.

**Financing of projects.** In 2008, 263 public works’ projects were approved “that were of public interest to the Republic of Serbia”, according to the Official Gazette of the Republic of Serbia (Number 18/08 and 35/08). In the same year, 227 projects were completed, while the implementation of 32 projects continued throughout 2009. Four projects were canceled.

In 2009 the number of approved projects increased to 396, according to the Official Gazette (Number 39/09 and 50/09). Until the end of 2009, 288 projects were completed while implementation of 99 projects continued in 2010. Five projects were canceled, and 4 contractors gave up.

Throughout 2009 total of 1.14 billion dinars was spent on wages, safety and health at work, implementation costs, training and transportation. This amount covers all the projects carried out in 2009, regardless of the date of their approval.

**Table 3.** Public works’ costs in 2009 for the projects approved in 2007, 2008 and 2009
As shown in the Table 3, safety at work makes a significant portion of the 2009 expenditures. Although highly evaluated by majority of interviewed actors, the question remains whether the safety at work equipment was equally important for all public works’ activities and was necessary for all of them.

According to some contractors, the 10% bar for material costs was set too low, especially when higher quality products were in question such as ethno garments produced of wool. The most important issue was in fact the issue of equipment purchase. Although public works were of temporary character, the equipment bought stayed in the hands of contractors for good.

**Impact of public works on long term employment.** The NES does not monitor employment of workers after the end of public works. This is why it is hard to estimate its real impact on employment. Limited insight into the employability of the program reveals its negligible effects, as the Table 4 shows.

**Table 4.** Number of employed persons after the completion of public works 2006-2009

**Effectiveness.** By their character, objectives and affiliated costs, ALMPs differ among themselves. In general, public works are more expensive than other measures so any comparison makes them look less attractive. Effectiveness of this ALMP can be carried out by examining: (a) expenditures per participant in the program, and (b) expenditures per employed. Because of the monitoring and data limitations, we focus on expenditures per participant.

**Table 5.** Expenditures per participant 2008-2009

One should however bear in mind that the presented expenditures are not taking into account the administrative costs of NES, which was managing the programs.

**II.4. Stakeholders**

Ministry of Economy and Regional Development, National Employment Service, Self-Government and local employment councils. NES played key role in the promotion,
application process and first round selection of public works projects in 2008 and 2009. In 2008, evaluation of the projects was based on the NES Branch offices’ randomized appraisal since uniformed evaluation sheet was not developed. In 2009, basic evaluation sheet was introduced making the job of projects’ appraisal for the NES Branch offices much easier. The NES Head Office in Belgrade in both 2008 and 2009 ranked the projects based on the Branch offices appraisal and its own evaluation. This consolidated list was then sent to MoERD for final decision. The MoERD Committee for Selection of Public Works Projects was established to rank projects. Criteria for ranking were expanded to include additional ones not listed in the public call for proposals, such as the quality of former cooperation between contractor and NES. Selected projects were finally approved by the Government of Serbia.

Self-Government was engaged in different capacities and scopes. Even when not taking part in formulation and long list selection of the projects, Self-Government was required to assess the importance of public works’ projects for local community and/or municipality. Projects were ranked higher in case that Self-Government was willing to co-finance proposed projects. But, co-financing in reality almost never occurred for most common reasons: municipal budgets were scarce and often did not include line for public works. Most of municipal funds were spent on wages and maintenance of public utilities and often no money was left to finance social services mandated to municipalities, such as, for example, assistance to elderly households. Some municipalities found themselves in dire financial situation because public companies, were not contributing to the local budget although it was stipulated by the law (the case of Mining Company Bor), In Leskovac, for example, some public works projects were canceled because municipality did not have funds for co-financing despite initial commitments. Budget deficit prevented the projects from realization.
Employment councils did not play particularly prominent role in the public works program apart from non-binding appraisal of projects. Opportunity to voice interests of local communities through the councils in this respect failed.

**Contractors (public companies, private companies, civil society organizations).** Applications were submitted by applicants from all listed categories: Self-Governments and provincial entities, public companies, social enterprises, private sector, cooperatives, CSOs. Contracts were mostly won by public companies (286 out of 396 projects in 2009). CSOs were among the second largest groups winning the contracts to carry out public works (58 projects in 2009). In most cases, these organizations focused on Roma rights, persons with disabilities, economic development, environmental protection, hobby associations, etc.

**Table 6. Number of projects per type of organization in 2009**

Regardless of the number of private sector applicants, private companies were almost entirely absent from the program: only 7 private entrepreneurs took part in public works. It is a rather peculiar fact to have such a small number of private enterprises, especially in the light of expectations that public works would yield long-term employment of workers, as stated in the 2009 call for proposals.

Whatever is the reason for such a significant absence of private sector from the program, this is partly the reason for ending the program with only few long-term jobs. As also noted by the NES representatives in municipalities where the program took place economy was rather weak. Key contractors and implementers of the program were public companies and CSOs; none of the two could really ensure new employment given their limited employability capacity. Public companies are still banned to employ, while CSOs operate and employ on project basis.

**Beneficiaries – temporary workers.** This evaluation only indirectly took into account beneficiary satisfaction with the program. In order to fully understand the scope and nature of the
public works, it would be necessary to carry out beneficiary assessment. Initial comments and reflections have been made by contractors and stakeholders and these could be considered as a basis for further exploration.

As noted by the contractors, public works program is highly motivational ALMP. The program increased workers’ confidence through activation. The message is that they are unemployed not because of lack of skills or capacity but because of bed economy. In general, the satisfaction with public works is high because the program keeps and develops skills, improves knowledge and workers’ capacity, contributes to socialization, increases motivation and responsibility of unemployed persons, and reduces differences between regional labor markets.

According to NES representatives, older workers showed higher interest in taking part in public works. The question is why? Maybe because younger labor force have better access to jobs? Or there were more ALMPs for them than for older workers?

The ones receiving social assistance were less motivated to engage in the program and refused to become part of it because of the fear that after temporary employment they would lose social benefits. As underlined in a number of interviews, it was very hard to cross register from the NES registry to the Ministry of Social Affairs (MOSA) records and in this process several months gets lost, highly affecting those living on the minimum.

These reflections only indicate that better insight is needed, which could be ensured by beneficiary assessment. Such a study would help determine whether public works really met their objective by providing assistance to those who need it the most.

III. Recommendations

III.1. General Recommendations

As this evaluation shows, public works program in Serbia is half way between social assistance and active labor market program. In 2008 the program was aimed at poverty reduction
while in 2009 it attempted to respond to the challenges of labor market in Serbia, global financial crisis and its impact on Serbia, and lastly to dire income and poor status of vulnerable populations in the country.

In case that poverty reduction is the primary aim for policy makers, unemployment status in the NES registry should not automatically lead to conclusions that the person is in need of social assistance. The beneficiaries of the program should at the same time meet additional few criteria. The minimum would include the following: education, age (bearing in mind that young people are also included in a number of other ALMPs, the question remains to what extent they should be a part of this program) and how long the person is unemployed. Even better targeting would be achieved by also focusing on: disability, refugee and IDP status, whether the person is recipient of social assistance, and belongs to vulnerable ethnic group (Roma). The program in this sense requires adjustment and normative regulation through additional legislation, for example the new Law on Social Assistance. If the database of the Ministry of Social Affairs were more comprehensive and accurate, participation in social assistance program could have been a prime criterion for engagement in public works program.

Gender criterion for selecting program beneficiaries remains to be addressed. Public works are mainly considered as the pro-male measure. However, socio-humanitarian and cultural activities allow for more gender balanced program through higher participation of women. In this case also criteria should be combined, for example, longer term unemployed women, with lower education, older than 50.

Location criterion should also be taken into account when public works are in question. As the evaluation shows, rural areas remained out of scope of public works in 2008 and 2009. Rural populations are often among the most vulnerable groups especially those affected by the
financial crisis in Southern Serbia and the ones without the land or with smaller land parcels (less than 0.5ha). They are often not registered by the NES although they used to be employed.

In sum, the program would achieve the following aims in case it is tied more strongly to the objectives of poverty reduction: a) those who are vulnerable and poor, but can work, would be able to return to labor market through activation; b) as a result, the program would contribute to more effective and efficient budget reallocation by targeting the ones who are really in need.

In case that policy-makers would like to focus more on ALMPs, the following issues should be considered:

a) Different selection criteria for participating municipalities, as municipalities with emerging and decent economic activities should be selected so to potentially ensure employment after the completion of the program;

b) Selection of contractors should be re-examined.

As data show, beneficiaries of the program (which lasts between 3 and 6 months) return to NES as unemployed. Very few really end with jobs in their hands. This evaluation reveals that so far public companies dominated as contractors in public works’ programs, followed by CSOs. To the contrary, only 7 private companies took part in the program. As noted, public companies were banned from new employment while CSOs employ on limited project base scale. Only private sector has real potential to ensure new and sustained employment. In that sense, public works should be differently conceptualized for municipalities where economic activity exits and for the ones where economy is barely surviving.

It seems that the public works program contributed the most to safety nets in the times of financial crisis, and primarily in less developed municipalities in Serbia. The main issue however was that the program did not reach the most vulnerable populations and help them by temporary financial relief.
III. 2 Specific recommendations

Apart from the general recommendations related to strategic direction of public works program, the following specific recommendations could ensure their better effect:

1. Priorities in the calls for proposals:

   - Clearly formulate the call objectives. Vulnerability criteria for unemployed and selection criteria for municipalities shall depend on the program aims: is it poverty reduction and/or activation of the unemployed.
   - Evaluation sheet shall include target groups listed in strategic documents and public works program documentation. One of the criteria shall be the number of unemployed that the project aims to temporary employ and the characteristics of the unemployed (education, the unemployment period, age, gender, disability, ethnicity, etc).
   - Public works should be measurable so objectives require measurable formulation (for example, 10 tons of garbage collected and recycled).
   - Benefits of public works for local community shall be reflected in the evaluation sheet so to link better public works with local interests.
   - Training and counseling shall be also included in the evaluation sheet because of overall better results of the ALMP program.

2. Activities

   - Not all public works activities are the same. Thus, each requires different approach in conceptualization. For example, public works aimed at assisting frail elderly households are especially valued during winter months. So far public works’ projects in this field ended exactly in the beginning of the winter season because of the end of the calendar year, which in most cases meant the closing of the public works projects.
When public works take place in agricultural areas, the beginning and the end of public works should reflect the seasonal character of land cultivation. A possibility of introducing part time scheme for vulnerable and poor members of rural households so that they can continue with land cultivation while also taking part in the program shall be considered.

More robust representation of women in the program is required. Public works in the field of social services opened up a space for more balanced gender representation.

3. Synergy between ALMPs

Training and ALMPs shall be synchronized, especially for workers providing sensitive services such as support to persons with disabilities and frail elderly.

Public works should be also solicited in employment fairs for further promotion.

4. Subcontractors and implementation

NES selection procedure for the 2010 to rule out CSOs as contractors from public works shall be reviewed. The decision is based on the 2009 experience when 3 projects, with CSOs as contractors, were canceled. Instead of entirely excluding one category of contractors, the evaluation criteria shall ensure ranking of organizations based on their experience in a specific field.

In case that less experienced CSOs are seen as desirable partner because of their certain valuable knowledge, NES shall consider training and mentoring them during the project implementation as a security measure. Hot line could be established in the NES to help implementation of projects fostering temporary employment of persons with disabilities, Roma, unemployed over the age of 50, etc.
Special attention shall be paid to activation of unemployed in small and isolated municipalities with less developed economy, in which a prospect to durable employment solutions are scarce.

5. Monitoring and oversight

- Baseline for the program shall be established so to ensure monitoring and evaluation of its impact. Beneficiaries of the program shall be monitored at least 6 months after the completion of the project.

- Process monitoring requires improvements: monitoring team shall be established within the NES. The team will be in charge of assessment of quality of projects’ management and will initiate additional scrutiny of contractors, before taking them to the court.

- Quality of oversight shall be improved to ensure systematic institutional control and response. This includes engagement of other oversight institutions and agencies (labor inspections, financial controls, etc).

6. Information

- Unified information about different ALMPs supported by the Government and available to targeted populations is required. Potential beneficiaries can then combine different ALMPs and ensure their maximum benefit.

- Public works are attractive to the media as previously shown. In order to ensure even better media coverage, information on annual launch of public works program shall be widely disseminated. This especially stands for rural communities whose inhabitants are poorly informed about the program and therefore rarely take part in it.

7. Budget and wages

- Universal wage rate for temporary employed shall be re-examined because of a false motivation and variation of cost of living across the country. Instead, wages paid by the
public works’ projects shall be determined to reflect minimum or average wage in a given community where the project is implemented.

- A possibility of project implementation beyond calendar (budget) year shall be reviewed.
- Transportation costs shall be covered to ensure participation of non-urban beneficiaries.

8. Actors

- CSOs are important actor in public works because they usually cover less attractive locations, such as remote rural areas, and work with more vulnerable populations.
- Employment councils shall be more engaged throughout the process of planning of public works as they are the natural nexus for discussing and streamlining local interests into public works program.
References


Tables

Table 1. Employment and unemployment according to LFS 2006-2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number of employed 15-64 (in thousands)</th>
<th>Total number of unemployed 15-64 (in thousands)</th>
<th>Employment rate 15-64 (%)</th>
<th>Unemployment rate 15-64 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2,517</td>
<td>692</td>
<td>49.8</td>
<td>21.6</td>
</tr>
<tr>
<td>2007</td>
<td>2,526</td>
<td>584</td>
<td>51.5</td>
<td>18.8</td>
</tr>
<tr>
<td>2008*</td>
<td>2,650</td>
<td>460</td>
<td>53.3</td>
<td>14.7</td>
</tr>
<tr>
<td>2009*</td>
<td>2,451</td>
<td>517</td>
<td>50.0</td>
<td>17.4</td>
</tr>
</tbody>
</table>


Note: * LFS has been conducted twice a year since 2008 – in April and October. The table shows results from October 2008 and 2009.

Table 2. Number of beneficiaries of public works 2006-09

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2,438</td>
</tr>
<tr>
<td>2007</td>
<td>4,869</td>
</tr>
<tr>
<td>2008</td>
<td>5,315</td>
</tr>
<tr>
<td>2009</td>
<td>8,255</td>
</tr>
</tbody>
</table>

Source: NES.

Table 3. Public works’ costs in 2009 for the projects approved in 2007, 2008 and 2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Wages (thousands)</th>
<th>Transport (thousands)</th>
<th>Safety at work (thousands)</th>
<th>Training (thousands)</th>
<th>Implementation of public works (thousands)</th>
<th>TOTAL (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2,030.91</td>
<td>82.26</td>
<td>4.86</td>
<td></td>
<td>46.88</td>
<td>2,164.91</td>
</tr>
<tr>
<td>2008</td>
<td>38,129.81</td>
<td>2,012.63</td>
<td>175.69</td>
<td>138</td>
<td>1,185.68</td>
<td>41,641.81</td>
</tr>
<tr>
<td>2009</td>
<td>909,659.99</td>
<td>63,411.11</td>
<td>26,865.23</td>
<td>138</td>
<td>95,687.17</td>
<td>1,095,623.50</td>
</tr>
<tr>
<td>TOTAL</td>
<td>949,820.71</td>
<td>65,506.00</td>
<td>27,045.78</td>
<td>138</td>
<td>96,919.73</td>
<td>1,139,430.22</td>
</tr>
</tbody>
</table>

Source: NES.

Note: *Data conclusive with December 31, 2009.
Table 4. Number of employed persons after the completion of public works 2006-2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of temporary employed persons in public works programs</th>
<th>Number of persons employed after the completion of the program *</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2,438</td>
<td>50</td>
</tr>
<tr>
<td>2007</td>
<td>4,869</td>
<td>147</td>
</tr>
<tr>
<td>2008</td>
<td>5,315</td>
<td>138</td>
</tr>
<tr>
<td>2009</td>
<td>6,558**</td>
<td>19</td>
</tr>
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</table>

*Source: NES.
Note:
* Immediately after the completion of the program
** Only in the projects completed by December 31, 2009

Table 5. Expenditures per participant 2008-2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Total expenditures for public works (million RSD)</th>
<th>Number of participants</th>
<th>Total average expenditures per participant (RSD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>543.5</td>
<td>5,315</td>
<td>102,258</td>
</tr>
<tr>
<td>2009</td>
<td>1,262.5</td>
<td>8,255</td>
<td>152,937</td>
</tr>
</tbody>
</table>

*Source: NES.
Note:
*Data conclusive with February 2010.

Table 6. Number of projects per type of organization and initially contracted workers in 2009

<table>
<thead>
<tr>
<th>Type of organization carrying out public works</th>
<th>Number of projects</th>
<th>Number of temporary employed workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provincial autonomous institutions</td>
<td>13</td>
<td>271</td>
</tr>
<tr>
<td>Public companies</td>
<td>286</td>
<td>5,987</td>
</tr>
<tr>
<td>Social companies</td>
<td>19</td>
<td>469</td>
</tr>
<tr>
<td>Private sector</td>
<td>7</td>
<td>154</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>3</td>
<td>66</td>
</tr>
<tr>
<td>Old type CSOs</td>
<td>9</td>
<td>169</td>
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<tr>
<td>CSOs</td>
<td>58</td>
<td>1,313</td>
</tr>
<tr>
<td>State companies</td>
<td>1</td>
<td>23</td>
</tr>
<tr>
<td>-----------------</td>
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<td>----</td>
</tr>
<tr>
<td>TOTAL</td>
<td>396</td>
<td>8,452</td>
</tr>
</tbody>
</table>

*Source: NES.*