

YOUTH EMPLOYMENT AND ENTREPRENEURSHIP

- KEY POLICY CHALLENGES
IN THE WESTERN BALKANS

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Introduction

"Youth Employment and Entrepreneurship – Key Policy Challenges in the Western Balkans" is a collection of four regional policy briefs covering important aspects of employment and entrepreneurship of young people: youth employability, active labour market measures for youth, enabling environment for youth entrepreneurship and lifelong entrepreneurial learning. Based on the analytical report and regional and national consultations with representatives of the public sector, business sector and civil society organizations, this document identifies key policy challenges in this policy area relevant to all Western Balkan countries. Following the review of the challenges, the four policy briefs outline set of recommendations.

Policy briefs were produced within the project "WeB4YES – Western Balkan Civil Society Organisations for Youth Employment Support", supported within the Civil Society Facility and Media Programme 2016–2017 Consolidating Regional Thematic Networks of Civil Society Organisations by the European Commission. The Project represents a regional-scale initiative designed to deliver innovative approaches and offer young people in the Western Balkan region opportunities for employability enhancement and employment. The project coordinator is the Belgrade Open School, and partners on the project are the Association for Democratic Prosperity – Zid (Montenegro), NGO Lens (Kosovo*), Beyond Barriers Association (Albania), Institute for Youth Development KULT (Bosnia and Herzegovina), National Youth Council of Macedonia (North Macedonia) and the Olof Palme International Center (Sweden). More information about the project can be found on the website <http://www.web4yes.eu/>.

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

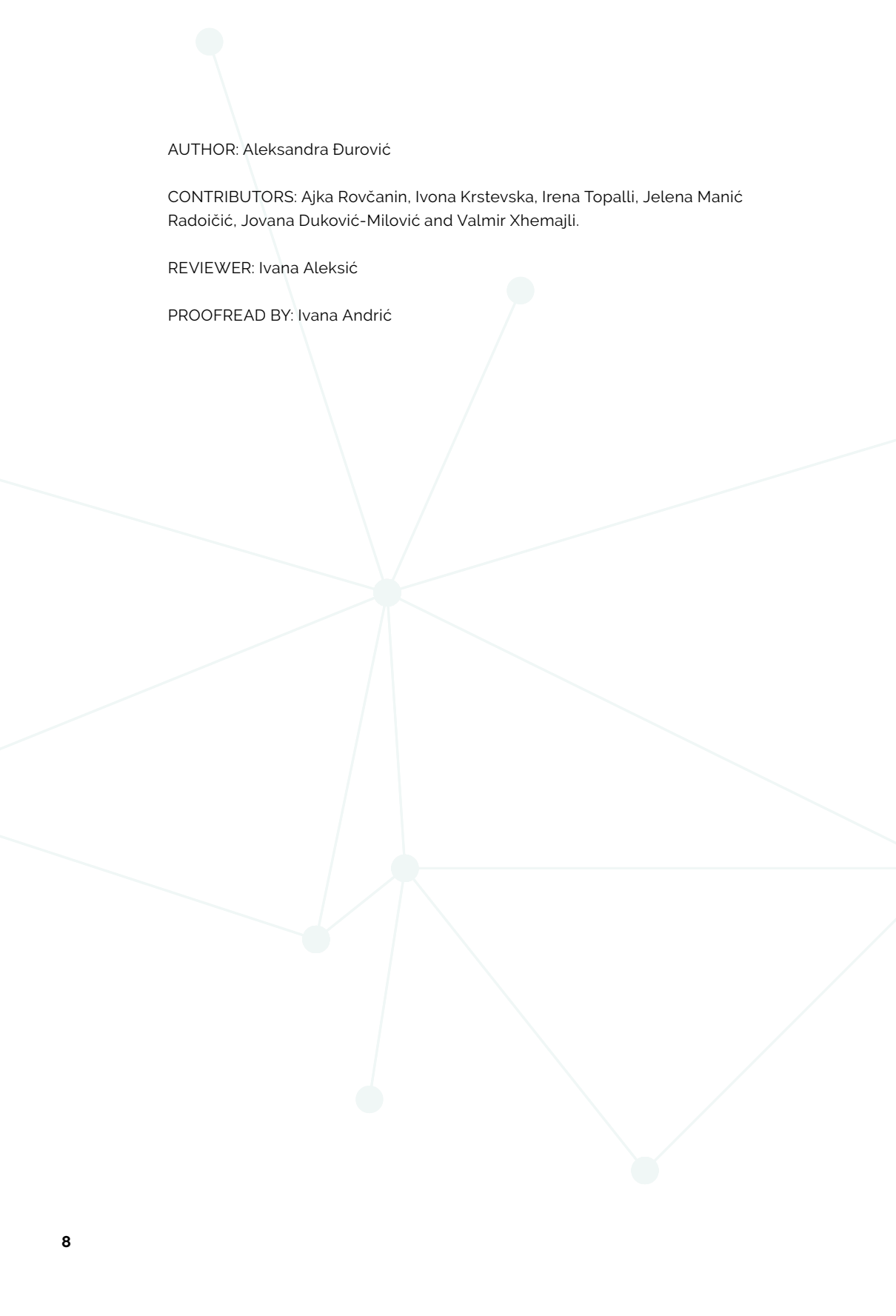
YOUTH EMPLOYABILITY – KEY POLICY CHALLENGES IN THE WESTERN BALKANS

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This document is based on the regional report 'Boosting Youth Employability in the Western Balkans'.

Full report is available at www.web4yes.eu

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Young people in the Western Balkan countries face numerous difficulties in the process of transition from education to the labour market. One of the key barriers they encounter is the lack of skills that would help them navigate through the modern and dynamic world of work and obtain a favourable job.

Three types of services have been identified as particularly significant in supporting youth employability and developing much-needed skills: **career guidance, traineeships and employability skills training**. Previous research studies¹ indicate that they could be effective in improving skills and their importance has been recognized in relevant strategic documents.²

The civil society organizations that work with young people in the Western Balkan region are often involved in the area of youth employability as service providers³ – delivering career guidance services and employability skills training, and mediating between employers and young people in organizing traineeships. Apart from providing services, civil society organizations can provide significant input in decision- and policy-making processes. The role of civil society organizations in providing services for improving youth skills, and their experience in working directly with young people should be recognized and used to feed into policy documents. This document **reviews the key youth employability policy challenges** based on the comparative analysis, with the aim to map the areas of potential **cooperation between civil society organizations and public institutions in the Western Balkans** and thus contribute to alleviating youth unemployment.

Desk research was carried out in the process of data collection, followed by **consultations with relevant stakeholders** individually and within the National Fora on Youth Employment established under this project in each of the countries as platforms for structural dialogue among key stakeholders in the field. Within the Regional Forum on Youth Employment organized in Skopje from 20 to 21 June 2018, the findings and recommendations of this document were discussed by more than 70 representatives of public institutions, business sector and civil society organizations dealing with youth employment from the Western Balkans.

Based on the analytical report and regional and national consultations with key stakeholders, **five key policy challenges**

in this area relevant to all Western Balkan countries have been articulated:

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- # 1. Young people do not have access to quality career services that would help them acquire career management skills.
 - # 2. The lack of coordination and cooperation among the key stakeholders hinders young people from easily identifying which career guidance services are available to them.
 - # 3. Youth access to reliable career-related information is limited.
 - # 4. The quality of traineeships undertaken by young people is not ensured.
 - # 5. Training on youth employability skills is not fully utilized.
-

Following the review of the challenges is the set of recommendations for cooperation between public institutions and civil society organizations at the national and regional level.

1. Young people do not have access to quality career services that would help them acquire career management skills.

In order to make career decisions and manage transitions between education, training and employment opportunities,⁴ it is vital for young people to develop **career management skills**. In other words, they need skills to gather information regarding their capacities, competences and interests, to determine their education pathways and occupations, and to analyse and organise that information.

However, many young people in the Western Balkans are still not involved in career guidance services (career information, career counselling and career education) which would help them obtain required skills. For example, around two-thirds of young people in Serbia report that they have not been involved in career guidance services.⁵ The conclusion of the recent report on career guidance in Albania⁶ is that there is "only limited and fragmented understanding of career guidance concept" and that it is neither well represented in the curriculum nor sufficiently available to students of public universities.

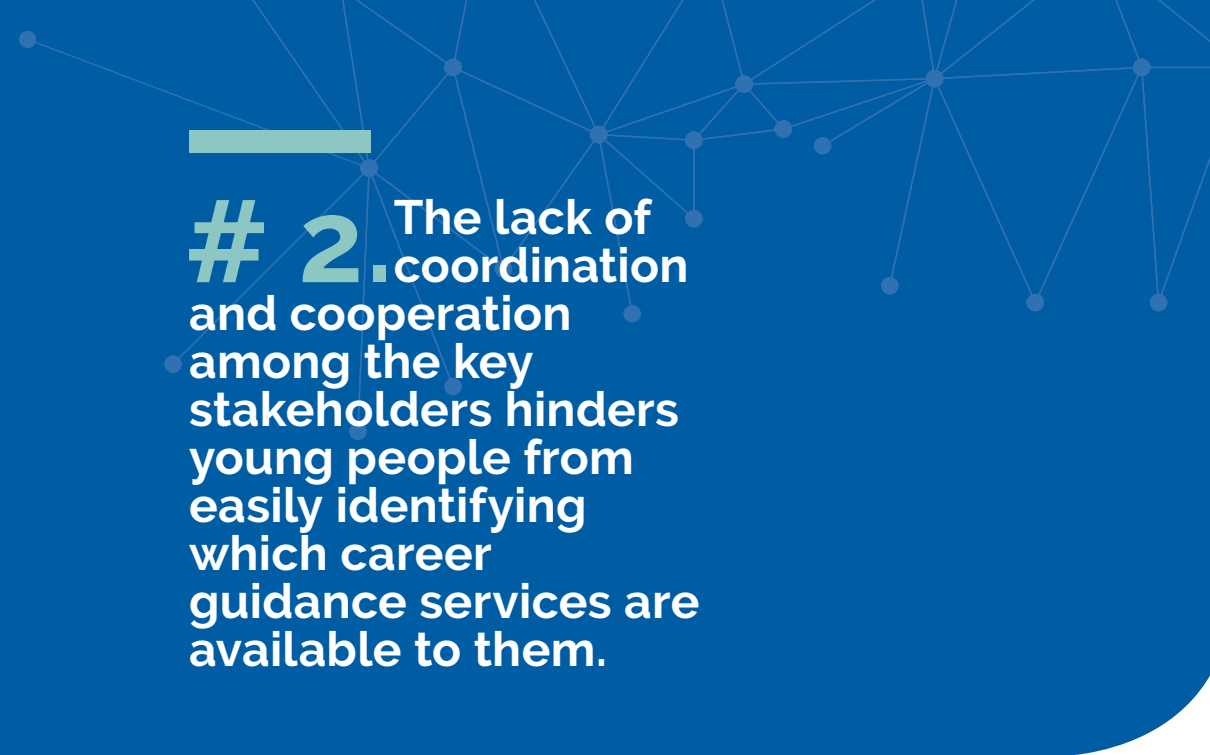
In addition to the availability of career guidance services, their quality also poses a challenge. Quality assurance has been defined as a priority in strategic documents in some countries. However, in most of the Western Balkan countries **there is no established mechanism for ensuring the quality of services, particularly for ensuring that young people who receive those services actually do develop career management skills.**

Quality assurance has been set as a priority in strategic documents in Montenegro and in one of the political entities in Bosnia and Herzegovina (the Federation of Bosnia and Herzegovina). Their strategic documents lay down specific steps to be undertaken to establish quality standards for all service providers. In Serbia, the quality standards have recently been developed by the Working Group comprising representatives of key stakeholders.

Although the absence of quality assurance has also been noted in other countries, the development of quality standards has not been put on their agenda. For instance, it has been emphasized that no evaluation is carried out for the career guidance module, which is an extracurricular activity for students in the last grade of compulsory education in Albania⁷. Similarly, it has been recognized that the main mechanism for monitoring and ensuring the quality of services available in the North Macedonia⁸ is the measuring of the number of users reached and that the overall quality framework is missing. The situation regarding the quality of career guidance services calls for the establishment of standards in this area.

Young people from remote and rural areas find it particularly challenging to access support in career guidance. For example, as our consultations revealed, young people from such areas in Kosovo have difficulty accessing career centres as they are located only in university centres.

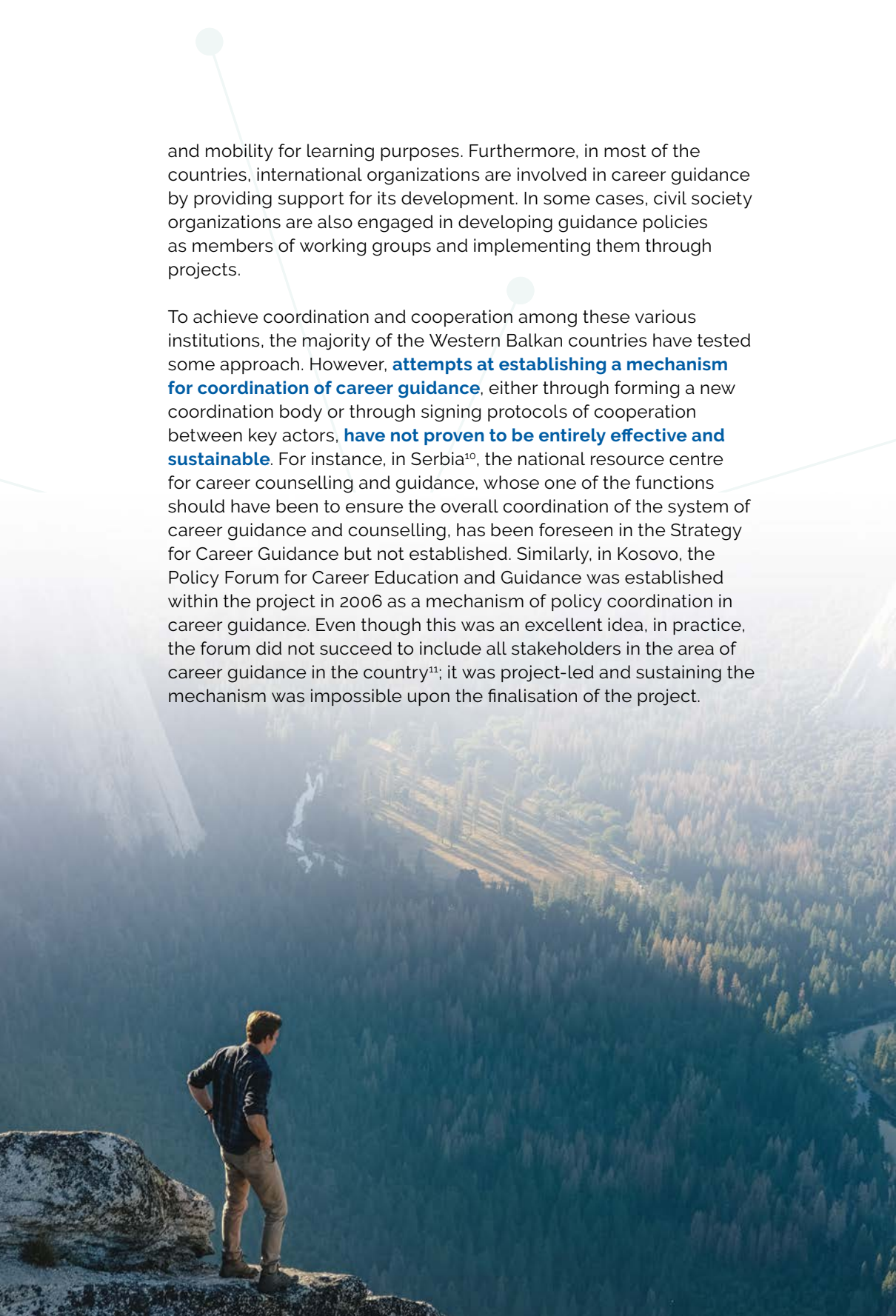




2. The lack of coordination and cooperation among the key stakeholders hinders young people from easily identifying which career guidance services are available to them.

Even though there are various institutions involved in career guidance provision, there are no **established and effective mechanisms for coordination and communication among them**. These mechanisms are crucial both from the perspective of policy – to avoid policy fragmentation and duplication of effort, and from the perspective of young people – to easily identify what is available to them.⁹ Furthermore, they are particularly important where a coordinated response from multiple providers is needed, such in the case of providing guidance to young people not in employment, education or training.

Each of the Western Balkan countries **has specific institutions in charge of youth career guidance**. In all countries, they include the ministry in charge of education and the ministry in charge of employment, while in some countries certain responsibilities in this area are undertaken by institutions in charge of youth and educational institutions. In some cases, institutions at the local level and youth offices also have a role. Moreover, Euroguidance centres have been established in Serbia, Montenegro and North Macedonia for the purpose of promoting the European dimension in guidance and providing quality information on lifelong guidance

A person in a dark shirt and light trousers stands on a rocky ledge, looking out over a vast, misty forest valley. The valley is filled with dense evergreen trees, and a winding road or river is visible in the distance. The scene is hazy, with soft light filtering through the trees.

and mobility for learning purposes. Furthermore, in most of the countries, international organizations are involved in career guidance by providing support for its development. In some cases, civil society organizations are also engaged in developing guidance policies as members of working groups and implementing them through projects.

To achieve coordination and cooperation among these various institutions, the majority of the Western Balkan countries have tested some approach. However, **attempts at establishing a mechanism for coordination of career guidance**, either through forming a new coordination body or through signing protocols of cooperation between key actors, **have not proven to be entirely effective and sustainable**. For instance, in Serbia¹⁰, the national resource centre for career counselling and guidance, whose one of the functions should have been to ensure the overall coordination of the system of career guidance and counselling, has been foreseen in the Strategy for Career Guidance but not established. Similarly, in Kosovo, the Policy Forum for Career Education and Guidance was established within the project in 2006 as a mechanism of policy coordination in career guidance. Even though this was an excellent idea, in practice, the forum did not succeed to include all stakeholders in the area of career guidance in the country¹¹; it was project-led and sustaining the mechanism was impossible upon the finalisation of the project.

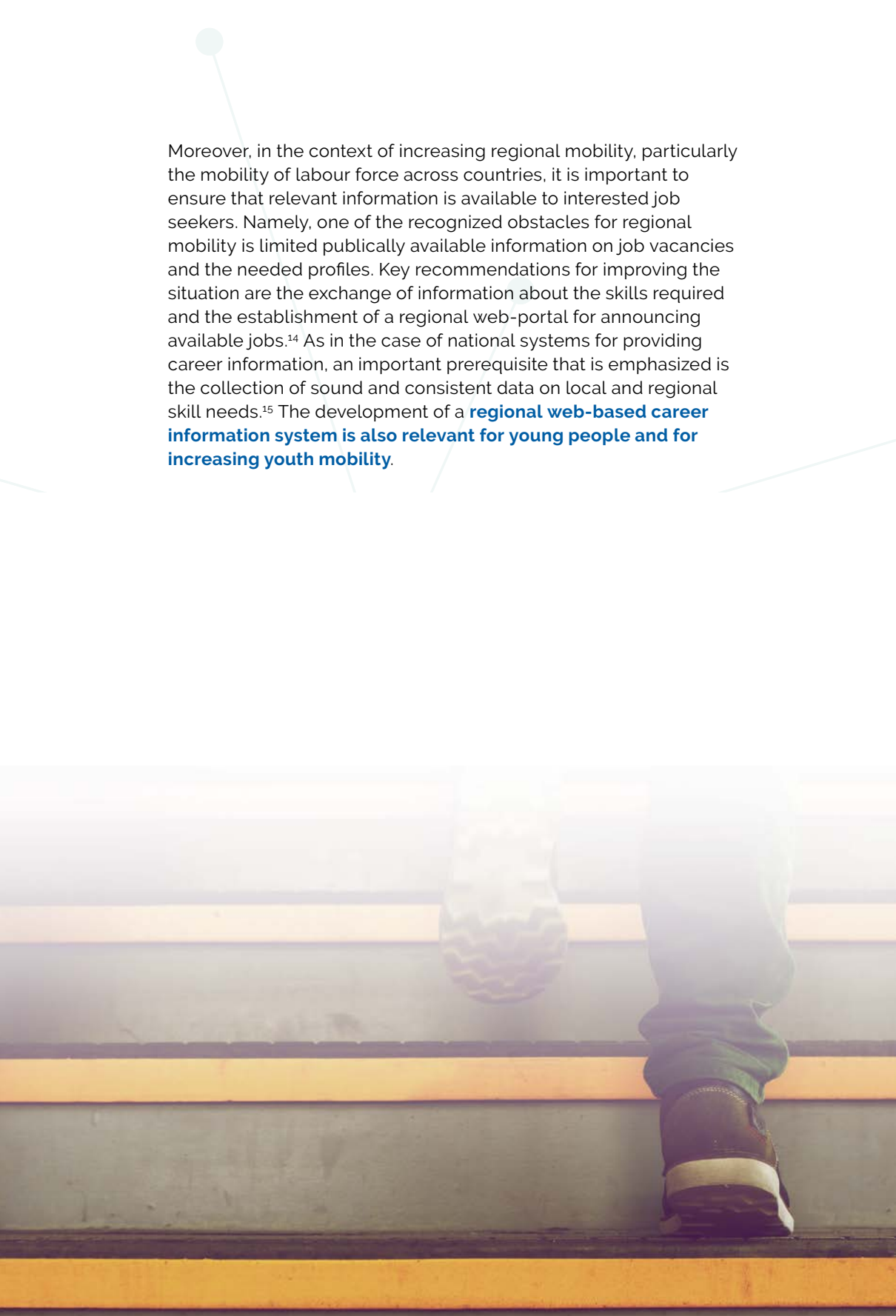
3. Youth access to reliable career-related information is limited.

Reliable career-related information¹, which is supported by evidence and derived from dependable sources, is crucial for young people and is an important prerequisite for successful realization of other career guidance services – career counselling and career education. **However, youth access to comprehensive and non-biased information is limited.** Our desk analysis has shown that, in all countries, there are some web-based and print-based materials providing information on education, training options and occupations, which are available through national employment agencies, educational institutions, the private sector, and civil society organizations. However, they are not comprehensive and integrated, or delivered in a youth-friendly manner.

Even when information exists, it is not transformed into user-friendly and usable learning material for career guidance and distributed through channels young people most frequently use.

This is particularly worrying in the case of labour market information. For instance, the most frequently mentioned channels for the dissemination of results¹² on skill needs in the Western Balkan countries are reports and websites, and rarely is it the case that they are disseminated via social media. Moreover, the information obtainable through reports and websites is not presented in a youth-friendly manner. It has been noted that in Albania,¹³ there are difficulties in translating labour market information into user-friendly career information relevant for different youth career development stages.

1 Career-related information includes information on education and training options, education pathways and occupations, as well as labour market information (such as trends in employment and information on skills in high demand in the labour market).



Moreover, in the context of increasing regional mobility, particularly the mobility of labour force across countries, it is important to ensure that relevant information is available to interested job seekers. Namely, one of the recognized obstacles for regional mobility is limited publically available information on job vacancies and the needed profiles. Key recommendations for improving the situation are the exchange of information about the skills required and the establishment of a regional web-portal for announcing available jobs.¹⁴ As in the case of national systems for providing career information, an important prerequisite that is emphasized is the collection of sound and consistent data on local and regional skill needs.¹⁵ The development of a **regional web-based career information system is also relevant for young people and for increasing youth mobility.**

4. The quality of traineeships undertaken by young people is not ensured.

Many young people who are trying to get a foothold in the labour market are faced with the “experience trap”; in other words, they cannot obtain their first job without previous work experience. One **way in which they can gain work experience is through traineeships** that provide them with on-the-job experience. Some young people do have the opportunity to undertake traineeships during their formal education, but this is not always the case or those traineeships do not equip them with appropriate skillset sought by employers. Therefore, there is a tendency to organize traineeships outside of the regular curriculum, which are referred to as “traineeships in the open market”.

At the EU level, there is **an accepted set of quality dimensions**,¹⁶ which stipulate that traineeships, including traineeships in the open market, should be based on a written agreement, that learning and training objectives should be clarified, that rights and working conditions of trainees should be respected in accordance with applicable laws, that traineeships should have a reasonable duration, that the competences acquired should be recognized and validated and that traineeship providers should include in their vacancy notices information on the terms and conditions of the traineeship.

In the Western Balkan countries, **there is a general lack of data on the number of traineeships and young people** who pursue them, and the lack of information on the quality of those traineeships. The issue of quality equally refers to traineeships in the open market and traineeships that are part of youth employability policies, whereby

there is a greater risk that the former will not provide young people with meaningful learning experience. **The available data show a worryingly low quality of traineeships overall.** In Serbia, there is an annual survey that includes a set of questions on the quality of traineeship programmes. Among the total number of young people who participated in traineeship programmes in Serbia in 2017, three-quarters of them participated in at least one programme without having signed a written contract, and according to the data from 2015, 50 per cent were without mentors.¹⁷ In Montenegro, the 2014 data¹⁸ on the quality of the Government traineeship programmes for higher education graduates suggest that even though the majority of young people reported having adequate learning and working conditions, it was not always the case.

One way of ensuring the quality of traineeships, besides promoting quality dimensions, is by enacting legislation or issuing guidelines to regulate the content and the implementation of traineeships. The review conducted in 2016 and presented in the *Staff Working Document on Applying the Quality Framework for Traineeships*¹⁹ found that all 28 Member States have regulatory frameworks covering at least some form of traineeships outside of the regular curriculum and that eight of them have specific regulations on both ALMP-type and open market traineeships. However, none of the Western Balkan countries **has a regulatory framework for traineeships, which could also include traineeships organized in the open market.**



5. Training on youth employability skills is not fully utilized.

Both employers and young people believe that **key employability skills², which are in high demand on the labour market, are insufficiently developed through formal education**. Although the education reforms are in progress, there still will not be many opportunities for young people to improve their skills and their employment chances until these reforms have been properly implemented. **Non-formal education offers a solution** and previous research studies²⁰ indicate that there are employability skills that can be developed in this way. In particular, specific training for improving employability skills can be utilized.

The results of our desk analysis indicate that, apart from a few programmes carried out by public employment services, this type of training is **carried out by private non-formal education providers** (such as foreign language schools or IT and computer skills training providers) and **civil society organizations** working with youth (mostly aimed at the improvement of communication skills, teamwork skills, leadership, organizational and entrepreneurial skills). Unlike the programmes organized by private organizations that are expensive for some young people, the programmes offered by civil society organizations are free. Nevertheless, during our consultations, several other issues were identified, which prevent these forms of training to be fully utilized – their availability, quality and accessibility.

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- 2 Employability skills refer to the skills that enhance the ability to secure and retain a job, progress at work and cope with change. They encompass skills that are important to acquire for all sectors and occupational fields: communication skills, teamwork skills, foreign language skills, desire for learning and self-improvement, IT and computer skills, ability to adapt and flexibility, problem-solving skills, work ethics, ability to work under pressure, planning and organizational skills and entrepreneurial skills.

Training programmes for improving employability skills organized by civil society organizations working with youth are not sufficiently available. These programmes are supported by international donors or through government funds. Namely, the training courses are organized within projects and there is often no possibility of continuation upon their conclusion, which means that they are not always available to young people.

Another issue regards the quality of training, in particular its effectiveness, which is not always monitored. The effectiveness should be monitored on several levels – from following the satisfaction of young people involved in the training, to determining how the training developed their skills, whether they apply them in their everyday context and whether the training led to employment. Moreover, the impact evaluation can be carried out in order to determine the effects of the training on people and society. From the aspect of policy, the verification of the quality of conducted training courses can be useful in determining whether they should be upscaled. In addition, it can help young people decide which training to take up.

Lastly, there is an issue of the **accessibility of this type of training for all groups of young people.** In particular, young people from remote and rural areas are at risk of not being included in this type of training courses, despite the fact that providing young people from rural areas with both technical and non-technical (soft) skills training has proven effective.²¹ Another issue to be addressed is the targeting of training courses to ensure that they involve young people who are in the greatest need of developing these skills.



Conclusions and recommendations

Youth employment is a pressing issue in the Western Balkan countries and the immense importance of improving youth employability, particularly the skills they possess, has been recognized. Namely, specific policy measures for career guidance, traineeships for young people and training on youth employability skills have been implemented and there are multiple examples of good practices in the area of youth employability, which provide a good basis for mutual cooperation.

However, there are some challenges that pose obstacles to successful implementation of youth employability policies. In the area of career guidance, they are related to insufficient cooperation and coordination among institutions involved in providing career guidance and the mechanism for ensuring the quality of the provided services. Moreover, there is a substantial lack of valuable career information that is crucial for young people to make well-informed decisions. Regarding traineeships, there is no precise data regarding the number of young people who undertake traineeships in the labour market on their own initiative in the Western Balkan countries, or data regarding their quality; therefore, there is currently insufficient information to identify gaps and design measures aimed at increasing the number of quality traineeships. An additional obstacle is the inadequate regulatory framework for traineeships in general. Finally, training for improving employability skills of young people is not fully utilized as there are issues regarding the availability, the quality and the accessibility of this measure.

Based on the identified policy issues, a broad set of **recommendations** that address them can be proposed.

Recommendations for cooperation between public institutions and civil society organizations at the national level:

- (1) In order to avoid policy fragmentation and duplication of efforts, as well as to facilitate young people's access to career guidance services, **governments of the Western Balkan countries should adopt a decision on establishing national Working Groups** for the development of guidance policies and systems, which will gather **both government representatives from education, employment and youth policy sectors and representatives of other stakeholders**, including civil society organizations. Ministries in charge of education, employment and youth (if it exists) can take turns in convening working groups and covering the related expenses, depending on the task that the working group is in charge of.
- (2) In order for all young people to have access to quality support in enhancing their career management skills, **minimum standards for career guidance services should be developed through the work of the working groups**, including all national stakeholders.
- (3) In order to ensure that career-related information is accessible to young people, **a national online information system combining all available information should be set up**. Individual ministries (in charge of education, employment or youth) can directly be responsible for the production of career information or they can contract out the private sector or civil society organizations for that purpose. Young people in particular should have an active role in the production of this type of information to ensure that it is in line with their needs.
The dissemination of existing career-related information should be made available to young people through multiple channels, including social media, in a manner accessible to them. This can be done in cooperation with civil society organizations working with young people or delegated to them.
- (4) **Public institutions should develop and/or improve the regulatory framework for traineeships in line with the quality standards** outlined in the EU Recommendation on a Quality Framework for Traineeships, which would also regulate traineeships in the open market. **Civil society organizations** can

use existing initiatives for changing labour regulations, adopting national traineeship programmes or introducing quality elements for traineeships, **to advocate the establishment of a supporting regulatory framework for all types of traineeships**, including those organized in the open market.

- **(5) Public institutions should collaborate with civil society organizations in organizing effective employability skills training (or delegate the training delivery to them).** The prerequisite is that the quality of the training is evaluated by third parties / independently from training provider organisations. The institution in charge of creating and monitoring the implementation of policy measures relating to employability skills training should commit to a target number of young people from rural and remote areas to reach out to.

Recommendations for cooperation between public institutions and civil society organizations at the regional level:

- **(1) A regional survey to be conducted in all Western Balkan countries should include a set of questions aimed at collecting data on the involvement of young people in traineeships and the quality of those traineeships.** This data should further be used by public institutions and civil society organizations to identify gaps and design measures aimed at increasing the offer and ensuring the quality of the traineeships offered in the open market.
- **(2) A regional web-platform that would gather information on mobility** (labour market information, conditions for youth labour mobility across the Western Balkan countries, resources in each of the Western Balkan countries intended for career development) should be established. A regional network of civil society organizations and public institutions working in this area can undertake this task.

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- 6 Ademi B. & Avxhiu, S. (2017). Review of current state of Career Guidance and counseling in Albania. Available at: <http://risialbania.al/index/wp-content/uploads/2017/03/Review-of-current-state-of-Career-Guidance-and-counseling-in-Albania.pdf>
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- 8 <https://eacea.ec.europa.eu/national-policies/en/content/youthwiki/34-career-guidance-and-counselling-former-yugoslav-republic-macedonia>, accessed on 27.08.2018.
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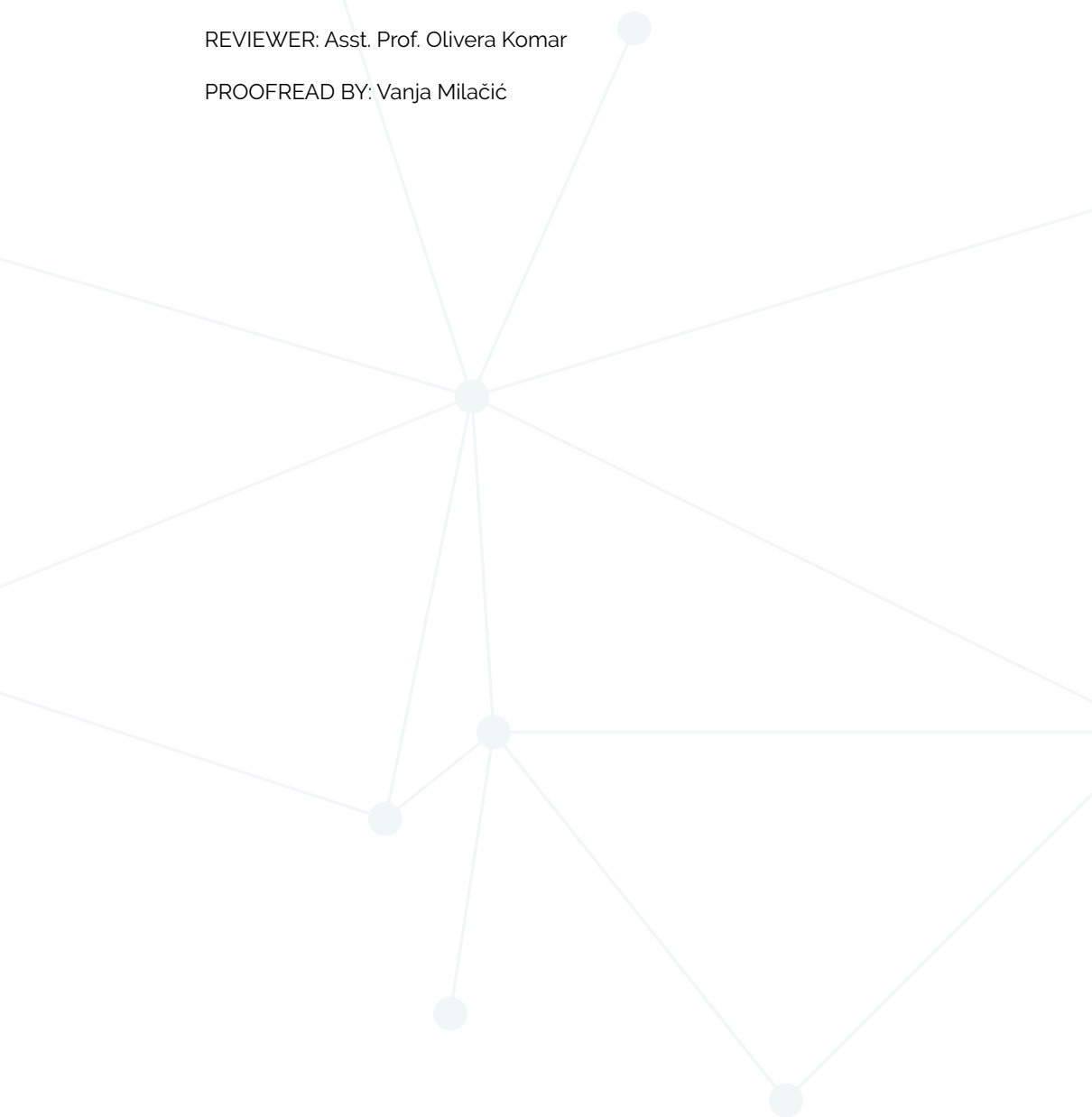
ACTIVE LABOUR MARKET MEASURES FOR YOUTH EMPLOYMENT – KEY POLICY CHALLENGES IN THE WESTERN BALKANS

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This document is based on the "Regional Report on Active Labour Market Measures of Young People" which is an analysis of national reports from six Western Balkan countries.

Full report is available at www.web4yes.eu

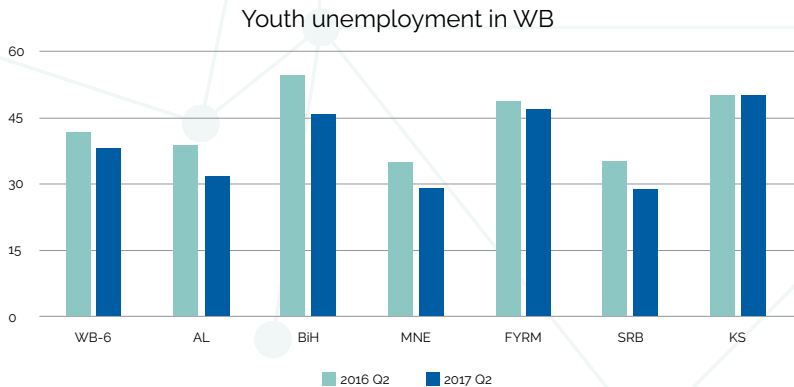
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Active employment measures of young people

The high unemployment rate, especially of young people in the Western Balkan countries, is a trend that exists not only in the developed countries of Europe but also worldwide. Bad socio-economic situation reduces chances to decrease an unemployment rate, especially if we take into account an inadequate creation of active employment policy. Unemployment among young people in six countries in the Western Balkan is alarming, with a rate that is among the highest in the world. Western Balkans Labor Market Trends 2018 Report states that: "As in the EU, youth unemployment rates were double the overall unemployment rates in most Western Balkan countries. However, young people were at much greater disadvantage in the region than in the peer countries because the unemployment rate itself was much higher. In 2017, the youth unemployment rate averaged 37.6 percent, 5.3 percentage points less than in the second quarter of 2016. Since 2015, youth unemployment rates fell significantly throughout the region, especially in Bosnia and Herzegovina and in Serbia. With the exception of Albania, in 2017, youth unemployment was below its 2010 level. Despite this decline, unemployment among young people remained high by European standards, ranging from 29 percent in Montenegro and Serbia to more than 50 percent in Kosovo."

The data (refers to the first two quarters) are presented in Table 1.

Table 1.



In addition to the high unemployment rate of young people in the countries of the region, the problem is also an inadequate or insufficiently good employment policy that is being implemented, especially considering that active employment policies are plans, programs or measures aimed at increasing employment or reducing unemployment.

In the countries of the region, the active employment policy is defined in strategic documents while active employment measures are defined in laws. However, active employment measures are being created at the national and centralized level, without active participation of local employment agencies, or stakeholders from the private and civil sector, and without an adequate process of application of monitoring and evaluation. The situation is similar in all countries in the region also in terms of informing young unemployed persons about the existence of active employment measures, which they are unaware of, especially if they are young unemployed persons from rural and remote areas.

Problem analysis

The Regional Policy Brief on ALMMs of young people points to a number of unfavorable characteristics:

- Young people in active employment measures are not recognized as a separate category
- Active employment measures are not created in cooperation with local employment services
- Stakeholders from the civil sector do not participate in the creation of active employment measures
- Young people are not well informed about the existence of active employment measures
- The monitoring and evaluation system are not implemented adequately and is not set up on a right basis, so there are no correct indicators of the success of the implemented employment measures

Young people in active employment measures are not recognized as a separate category

Analyzing the active employment measures by country, the conclusion is that young people are not recognized as a special category in the active employment measures (with the exception of Albania), that is, there is no a special employment program designed exclusively for young people, having in mind that they are the most vulnerable category in terms of the employment rate. For example, there is a set of active measures in Albania that are created exclusively for young people: recruiting university students, employment of young people and employment of young people without parental care.

In employment programs in other countries, young people are recognized through the percentage of their participation in certain programs. For example, in 2017, in Serbia, 37.8% of young people which registered within the National Employment Agency used some of the employment measures.

Bearing in mind the extremely high percentage of young people who are unemployed, it is necessary to create active employment measures exclusively for young people.

Also, the problem arises in the fact that we do not have data on young unemployed people from rural and remote areas, nor there are specific employment programs that are implemented with (for young people) mitigating circumstances, and we are faced with a lack of research work in this field.

Active employment measures are not created in cooperation with local employment services

The most important role in creating active employment measures has the Ministry of Labor. It is within the competence of the National Employment Agency to implement a work program that sets out the measures and activities from the action plan or law. Active employment measures are adopted at the state level, mostly without the involvement of local labor offices and local self-governments, which, based on the analysis of local labor market trends and environmental specificities, could contribute to a better choice

of active employment measures. The exceptions are Serbia and Bosnia and Herzegovina where the systems of creation of active employment measures are much more decentralized, and in some way in Kosovo in terms of the participation of the Kosovo municipality community in the governing board of the National Employment Agency.

Local employment services need to be included as much as possible in the process of creating and implementing active employment measures, bearing in mind that they in the best way know labor market at the local level and all the characteristics of the local environment.

Bearing in mind that the countries of the Western Balkans pretend to become EU members, it is necessary to harmonize the active employment measures at the national level with the EUROSTAT classification.

Stakeholders from the civil sector do not participate in the creation of active employment measures

In addition to representatives of state institutions, participation of other stakeholders in decision-making process, the implementation of the active employment measures and the employment program, as well as the supervision of the National Employment Agency work, all of this is identical in all the countries of the region. It is evident that civil sector organizations involved in monitoring of employment policy are not recognized as the potential participants in decision-making process (table 2).

What is characteristic of membership in the National Employment Agency board of directors is membership of the agency itself. Namely, in some countries one seat in the governing board is reserved for the representative of the National Employment Agency (Montenegro), in some boards of directors, the membership of the representative of the National Employment Agency (Republic of Srpska) is expressly prohibited by the Statute, while the membership of the National Employment Agency representative in the governing board of other states is not defined. Also, it is important to highlight the reserved seat of the representatives of the unemployed in the Brcko District board of directors.

Table 2.

Management board of national employment agencies				
State	Representatives of state institutions	Representatives of employers	Representatives of trade unions	Representatives of CSO
Serbia	X	X	X	
Bosnia and Herzegovina	X	X	X	
Montenegro	X	X	X	
Kosovo	X	X	X	
North Macedonia	X	X	X	
Albania	X	X	X	

Stakeholders should be actively involved in the creation of active labor market measures especially the civil society organizations, because they are closer to the younger people, have more experience with them and can share the knowledge with the institutions. Civil society organizations can help by creating additional analysis and surveys which can form a more specific picture for the real needs and opinions of the younger generations. Also, civil society organizations can be further included in the policy making process in three steps: first by participating in advisory panels, second by being active in different working groups on this topic and finally being included in the management boards. In addition to the involvement of other stakeholders in the process of creating and implementing active employment measures, the analysis of national and regional reports shows that it is necessary to increase financial allocations for the realization of employment programs in order to reduce unemployment.

Young people are not well informed about the existence of active employment measures

When the policy of accessibility and information on active employment measures is in question, in order to reduce unemployment and increase youth participation in active employment measures, it is very important that information on active employment measures and the programs being implemented is available to potential beneficiaries, that is, unemployed persons. For the promotion of active employment measures in six countries of the Western Balkans the National Employment Agency is in charge. In six countries of Western Balkan, informing about the possibilities and conditions of employment is done through: individual information, group information, bulletin boards, brochures, publications, internet site, media, employment fair, informers, posters, leaflets and other ways depending on the possibilities and nature of the information. However, although the mechanisms for informing the unemployed exist, national reports on active employment measures state that the existence of the employment program implemented by National Employment Agency is mostly unknown to young people. There is a consensus that more and more work need to be done to bring the unemployment program closer to the unemployed, especially to young people in order to increase the number of persons who find a job. Also, it is important to consult young persons in the youth employment policy making processes.

A survey conducted in Serbia among young people states that "the National Employment Agency's services are not visible enough and are available"¹ and it would be good to consider the possibility of opening a page on Facebook or some other social network. In Bosnia and Herzegovina, the data gathered during the focus of the discussion² shows that 70% of young people have never heard of a government employment program intended for them, and only 8% of young people had the opportunity to be a beneficiary of one of these programs. The percentage of young people from rural areas who are not aware of the government employment programs is by 6% higher than among the urban youth. The situation is similar in Kosovo. Representatives of the relevant institutions confirm the fact that young people are not sufficiently informed of the existence of active

1 NAPOR: Need for new services that stimulate employability and the role of youth work, 2015

2 Towards a Youth Policy in FBiH - Survey on the Position and Needs of Youth in the Federation of BiH in 2013 – Institute for Youth Development KULT, 2014

employment measures, so it is important to increase the number of the administrative staff that operates in the local employment offices and to launch campaigns of raising awareness about active labor market measures. Another recommendation is to create mobile VTC in order to lower the costs of youth who want to attend trainings. In North Macedonia there is no specific policy on informing youth about active employment measures and there is no research or data available on the attitudes of young people about active employment measures. Also, active measures are opened only to active job seekers, who need to register in National Employment Agency every month. During their registration they receive an information from National Employment Agency about the active employment measures. The situation is similar in Montenegro and Albania where there is a lack of research and information on how young people are informed about active employment measures.

The situation is much worse when it comes to informing young people from rural and remote areas, especially considering that there are no data on the number of young unemployed persons from such areas. In this regard, special attention should be paid to young unemployed people from rural and remote areas, on getting them informed of the existence of active employment measures and enabling them to use measures and reach employment in a simpler and easier way.

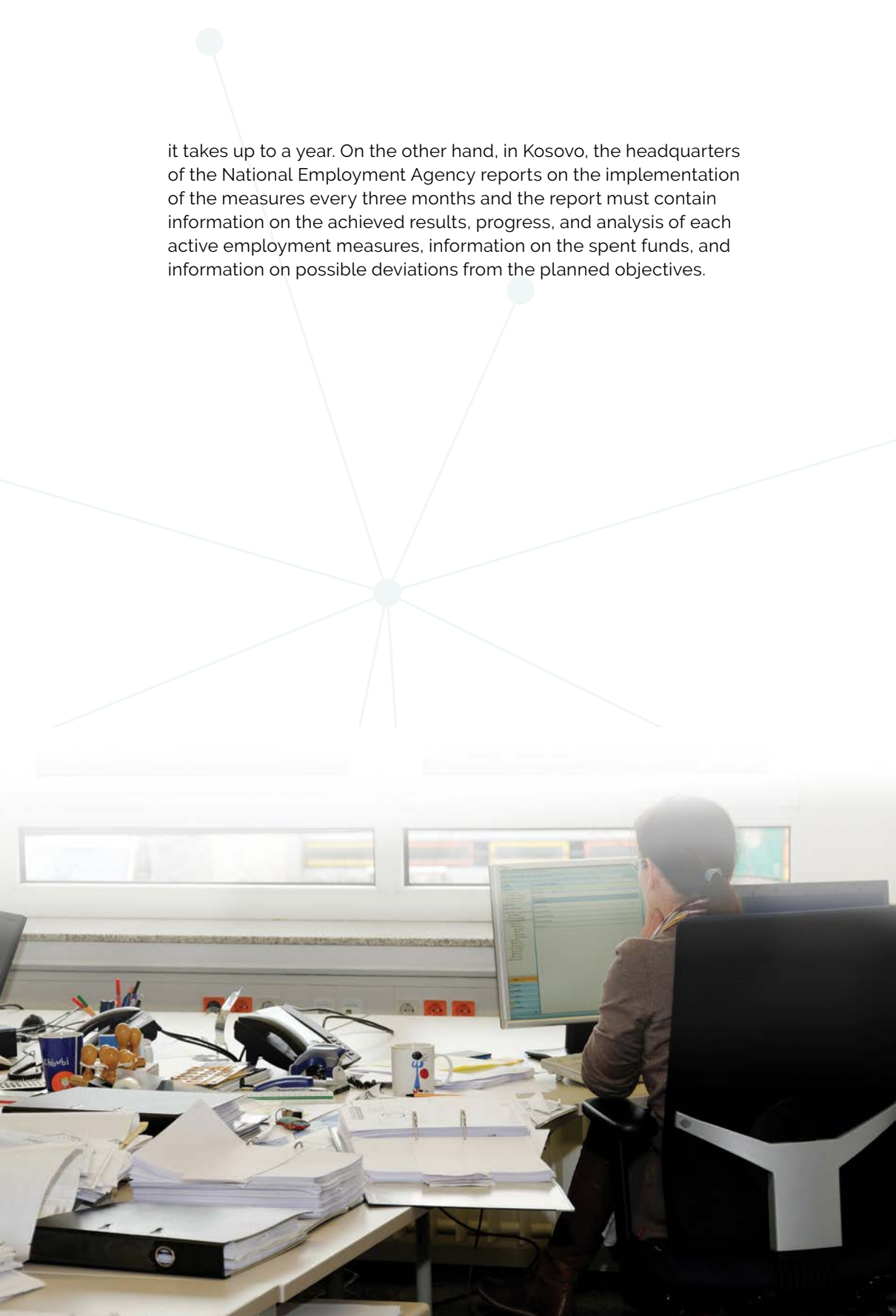


Monitoring and evaluation system are not implemented adequately

The processes of monitoring and evaluation are necessary if we want to get the right indicators of the employment programs implemented. Only a well-established system of monitoring and evaluation processes can confirm the achieved effects, possibly correct certain employment programs or even eliminate them as ineffective. The analysis of national reports shows that the evaluation process is not working in the right way. This because there are no adequate or qualitative indicators to measure success. In this way, there is no real data on how well the realized employment programs were really successful.

In Montenegro, the monitoring and evaluation processes of the implementation of active measures are prescribed by a special rulebook. However, monitoring and evaluation in the implementation of active measures are not systematically implemented, while only individual elements of monitoring and evaluation are used to a lesser extent in individual measures. Monitoring and evaluation in Serbia are carried out on the basis of the Agreement on the Effects of the National Employment Service, the Work Program and the Report on the Work of the National Employment Service, and in addition to the above, conducting a number of independent research whose results can serve for better planning, creating and implementing active employment measures. When it comes to Bosnia and Herzegovina, evaluations of active employment policy programs are mostly descriptive and take into account only the basic indicators of the success of program implementation, such as, for example, the relationship between the planned and realized coverage of unemployed persons by individual programs, 'per capita' spending on different programs etc., and in a slightly better case, the share of program participants who remained in employment after the end of the employment or self-employment contract. In North Macedonia, the National Employment Service as well is in charge of the monitoring and evaluation process, however, there is no official report on the conducted evaluation of the active employment measures implementation process. Analyzing active measures in Montenegro, we can find that the most common evaluation criteria are the competence or employment of participants in the process or at the end, while in Bosnia and Herzegovina analysis are mostly done in the period immediately after the expiration of the contract, i.e. up to six months after the expiration of the contract, when sometimes

it takes up to a year. On the other hand, in Kosovo, the headquarters of the National Employment Agency reports on the implementation of the measures every three months and the report must contain information on the achieved results, progress, and analysis of each active employment measures, information on the spent funds, and information on possible deviations from the planned objectives.



Recommendations

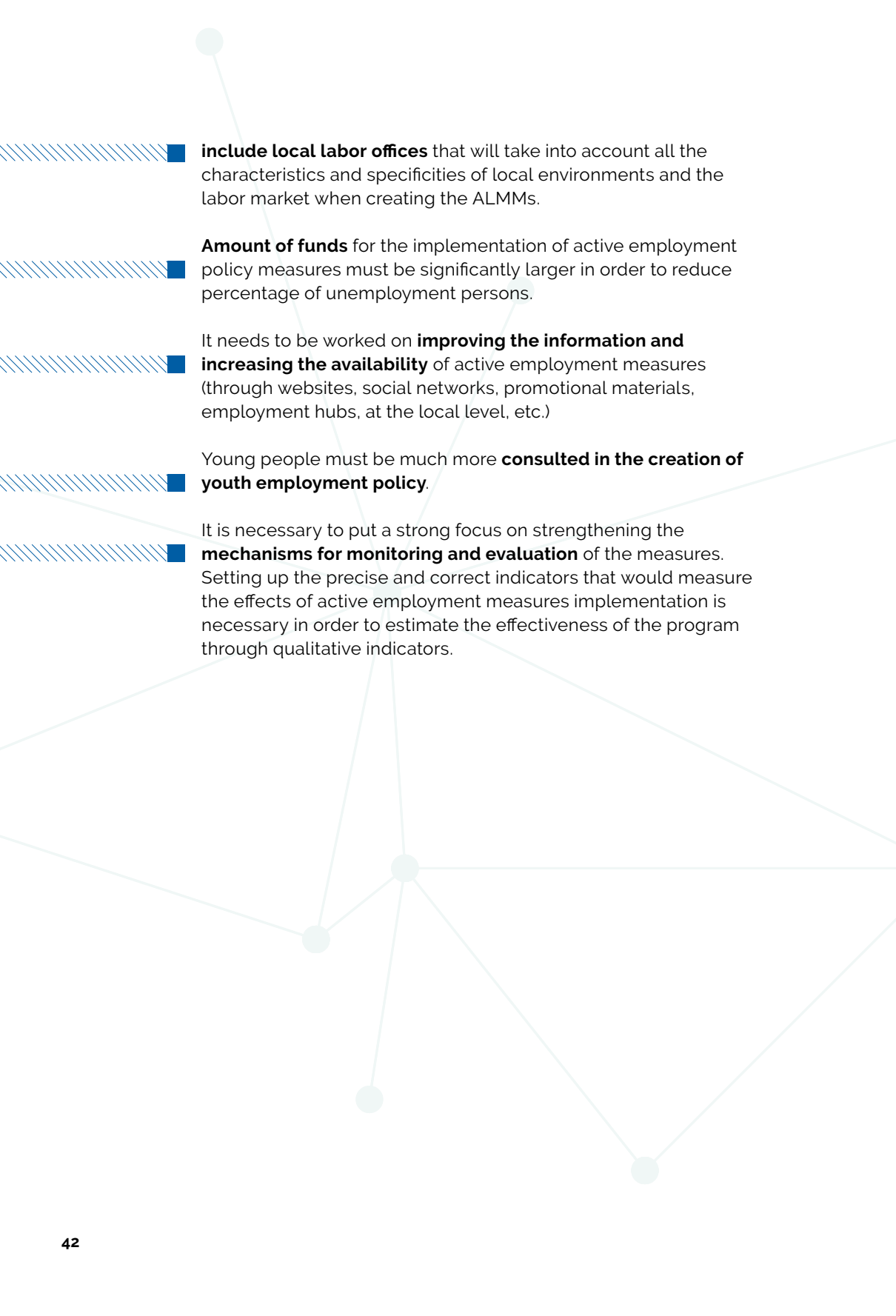
How can active employment measures be improved in the Western Balkan countries in order to increase employment?

By analyzing the national reports of the six Western Balkan countries on active employment measures, we have created a set of preliminary conclusions and recommendations and we hope that adoption and implementation could contribute to the ultimate goal - increasing employment. As already pointed out, an extremely high unemployment rates, in particular of young people, is an alarm that warns that it is necessary to work on the creation and implementation of adequate active measures, and that active measures be available to all young unemployed people. Having in mind the aspirations of the Western Balkan countries towards EU membership, it is necessary to work on the following of the EU standards when creating an active employment policy in order to more effectively provide jobs for the unemployed, which would certainly affect the economic and financial development of the countries.

In this regard, we make the following recommendations:

- **Young people need to be recognized as a special category** and specific active employment measures need to be created for young people, with special emphasis on young unemployed people from rural and remote areas.
- Active employment measures need to be defined in accordance with **EUROSTAT recommendations**.
- It is necessary to put greater emphasis on the **research work** of the position of young unemployed persons with special emphasis on the young people from rural areas.
- It needs to be created space for **stakeholders** to participate in the creation and implementation of active employment measures.

To create active employment measures, it is necessary to



■ **include local labor offices** that will take into account all the characteristics and specificities of local environments and the labor market when creating the ALMMs.

■ **Amount of funds** for the implementation of active employment policy measures must be significantly larger in order to reduce percentage of unemployment persons.

■ It needs to be worked on **improving the information and increasing the availability** of active employment measures (through websites, social networks, promotional materials, employment hubs, at the local level, etc.)

■ Young people must be much more **consulted in the creation of youth employment policy**.

■ It is necessary to put a strong focus on strengthening the **mechanisms for monitoring and evaluation** of the measures. Setting up the precise and correct indicators that would measure the effects of active employment measures implementation is necessary in order to estimate the effectiveness of the program through qualitative indicators.

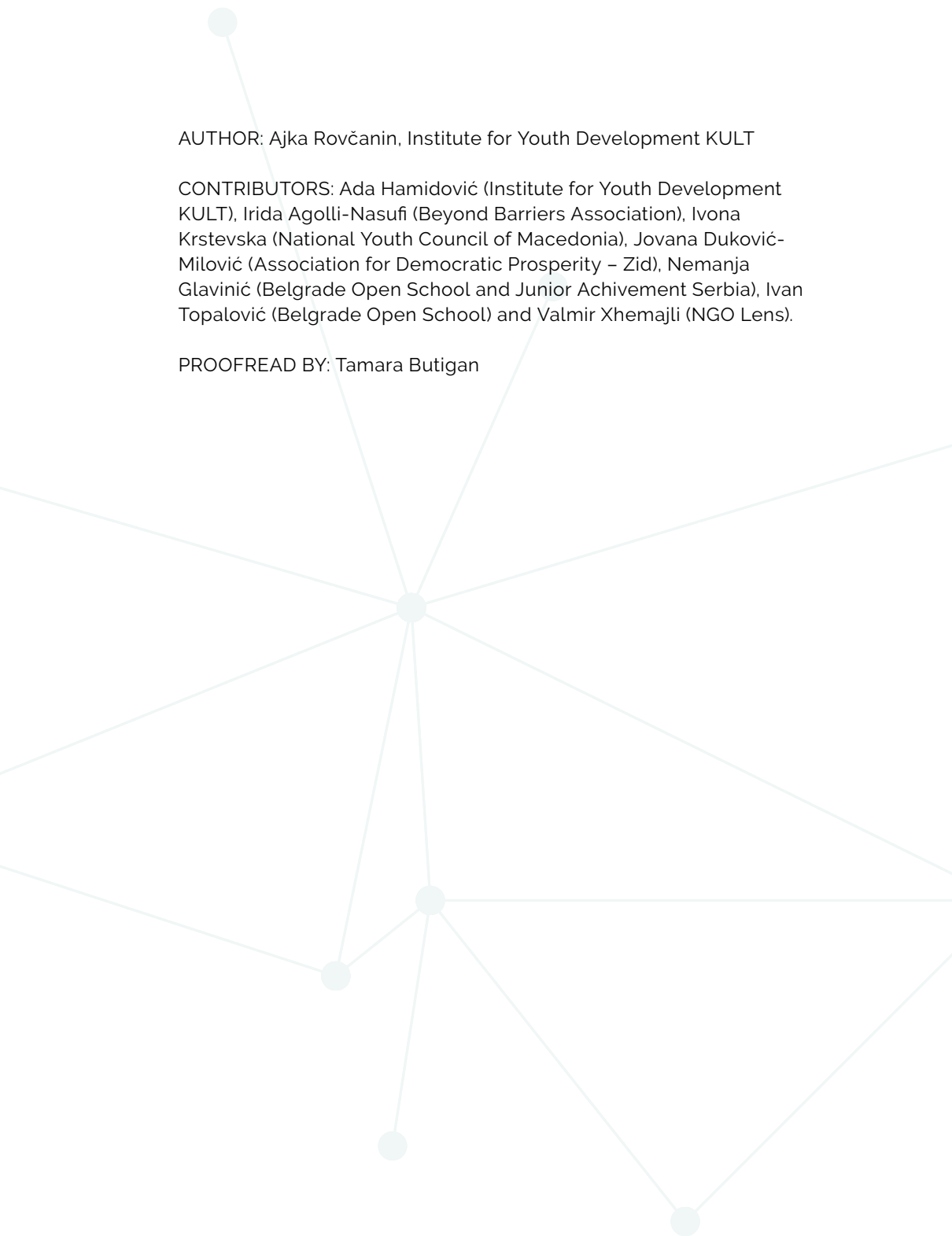
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 2. Drobnic, Janez, Simovic-Zvicer, Vesna, Zagorc, Stojan, Mestrovic, Branka, Analyses of efficiency of existing active labour market measures in Montenegro, s.l., s.a.
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 6. National report on active measures of employment – North Macedonia (2018), National Youth Council of Macedonia
 7. National report on active measures of employment – Kosovo (2018), NGO Lens
 8. National report on active measures of employment – Montenegro (2018), Association for Democratic Prosperity – Zid
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**ENABLING
ENVIRONMENT
FOR YOUTH
ENTREPRENEURSHIP
– KEY POLICY
CHALLENGES IN THE
WESTERN BALKANS**

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PROOFREAD BY: Tamara Butigan



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This document is based on the "Regional Report on Enabling Environment for Youth Entrepreneurship in the Western Balkans" which is an analysis of national reports from six Western Balkan countries.

Full report is available at www.web4yes.eu

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The Regional Policy Brief on Enabling Environment for Youth Entrepreneurship in the Western Balkans offers a comparative overview of key policy challenges regarding financial support, government policies, physical and professional infrastructure, and social norms that affect business environment for youth in the Western Balkan countries. The report is based on the desk research carried out in each of the countries, followed by consultations with relevant stakeholders both individually and within the National Fora on Youth Employment established under this project in each of the countries as platforms for structural dialogue among key stakeholders in the field. The data was also discussed within the Regional Forum on Youth Entrepreneurship held in Durres in November, 2018 by representatives of public institutions, business sector and civil society organizations from the region dealing with employability and entrepreneurship issues.

Although there are differences among the countries, the results show that there are some common policy challenges in this area. Youth in Western Balkan countries are apprehensive about starting their own business and taking risk, and afraid of failure. Surveys show that some of the key obstacles and limitations for youth starting a business is securing the start-up capital, lack of support in their immediate surroundings, complex administrative procedures, inadequate access to professional support and mentorship, limited duration of programs run by the government and non-government organizations (NGOs), lack of education on entrepreneurship, lack of business contacts among youth, unstable political and economic situation in the country, underdeveloped entrepreneurial culture and mentality, etc.

Based on the analytical report and regional and national consultations with key stakeholders, four key policy challenges in this area relevant to all Western Balkan countries have been articulated:

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1. Youth in Western Balkan countries are apprehensive about starting their own business and taking risk, and afraid of failure.
 2. Lack of funds and difficulties in securing funding are among the most common limitations to launching a business.
 3. There are complicated bureaucratic procedures and no stimulating tax treatment for young entrepreneurs.
 4. Current entrepreneurial infrastructure and mentorship are still in developing phase.
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Following the review of the challenges is the set of recommendations for cooperation between public institutions and civil society organizations at the national and regional level.

1. Youth in Western Balkan countries are apprehensive about starting their own business and taking risk, and afraid of failure

Understanding the current state and development of entrepreneurship of youth in Western Balkan countries is very challenging, due to scarce data from surveys and official statistical data provided by the government. Data that we do have show that youth in Western Balkan countries are apprehensive about starting their own business and taking risk, and afraid of failure.

According to the Global Entrepreneurship Monitor for Bosnia and Herzegovina (BiH) in 2012, **youth start their businesses mostly out of necessity, as opposed to opportunity.** Youth in BiH have very little self-initiative, and experts believe that youth are less like to self-employ and prefer to work for an employer. This implies that youth who do start their own business do so because they had to, due to a lack of other potential sources of income. Youth are mostly apprehensive about starting their own business. When they do start a business, they learn as they go, from their own experience and relationships, and not in the education system. This claim is substantiated by a 2013 survey conducted by the Institute for Youth Development KULT, which revealed that young people in Federation of Bosnia and Herzegovina (FBiH) who would start their own business lack the financial and professional support.

A similar situation was noted in Kosovo by UNDP's analysis of public pulse "Challenges and mindset of youth in Kosovo" where **youth are more likely to find a job in any company (preferably in the public sector) rather than launching their own businesses.** Even though there are some, however limited, state incentives for self-employment and entrepreneurship, there are many other obstacles to starting a business such as low standard of living and consumer spending power, high taxes, competition from larger organizations, small market - low possibilities of regional cooperation.

A survey conducted by LIBEK (2015) states that 35% of respondents in the 20-29 age group in Serbia are planning to start their own business within the next three years, while other respondents have no such plans. This survey revealed a clear connection between those

who are not planning to start their own business, and those who fear business failure. The majority of respondents **(89.6%) believe that the business culture in Serbia does not foster an entrepreneurial spirit.**

Data from the Directorate for Investments, Development of SMEs and Managing EU Funds of the Ministry of Economy of Montenegro show that entrepreneurs after all do include young people – in 2017 in Montenegro 17.4% of entrepreneurs were young (under 35), and ownership structure of 24.7% of SMEs included young people.

An interesting survey conducted in Albania reveals that 53.6% of graduates consider starting up business, 5.8% of graduates have started their business, while 0.91% graduates are successful in their enterprise. An empirical test carried out on the data gathered from questionnaires demonstrates that two entrepreneurship education variables are found to have statistically significant relationship on the inclination towards entrepreneurship: family business background and entrepreneurship education. The findings imply that prior exposure to entrepreneurship education has a positive effect on students' attitudes toward a career in entrepreneurship and on perceived behavioural control or entrepreneurial self-efficacy. At the same time, individuals' prior exposure to entrepreneurship in practice, both direct and indirect through their family background in business, is significantly linked to their attitudes, norms, and perceived behavioural control regarding entrepreneurship. More specifically, having a self-employed father is significantly related to the students' positive attitudes, stronger norms, and greater self-efficacy with respect to entrepreneurship.

In North Macedonia, motives for starting a business are mostly a desire to build a financial independence, opportunity to make money, utilizing skill sets, providing long-term financial security for family and unemployment.

Social norms, as a component of any entrepreneurial environment, can either encourage or hinder new business ventures, i.e. business activities of youth. When it comes to social norms, it is important to consider the general attitude of the society towards entrepreneurship, and the status of entrepreneurs in the society, whether entrepreneurship is considered a viable career choices for youth, how youth perceive the support provided by the society, the role of parents, society's perception of failure in launching and running a business and how it affects youth, the attitude of media towards young entrepreneurs and how helpful older entrepreneurs are to youth. Unfortunately, not much research was done on these issues in the Western Balkan, and data that could shed light on the current situation are very scarce and limited. As such, they leave too much room for generalizations and interpretations, which may not reflect the actual situation.

2. Lack of funds and difficulties in securing funding are among the most common limitations to launching a business

Lack of funds and difficulties in securing funding are among **the most common limitations** cited by youth with regards to launching a business. Even though there are financial incentives provided by government institutions for youth launching and running businesses they still **mostly rely on friends and family for funding**, especially during the stage when they are registering a business. They generally think that obtaining funding from other sources, such as commercial banks and funds, is difficult and complicated, and alternative funding types and models are still not developed enough.

According to the results of the Global Monitor for 2012 for BiH, the majority of young people (21-34 years old) who launched their own business were helped by their families, relatives and friends. Similarly, according to the ILO report Labour Market Transitions of Young Men and Women in Montenegro, only one in ten self-employed persons used a loan to launch a business, and almost half (46.8%) of the respondents stated that they borrowed money from family or friends, one fourth (24.4%) had their own savings, and 19.5% said they didn't need money. Statistical data from Serbia supports this, with 71% of young entrepreneurs stating that they had their own source of funding. The importance of support provided by families and friends is evident in the fact that almost 51.4% of young entrepreneurs launched their businesses thanks to this support, and 18.2% used their own savings.

All Western Balkans countries have many commercial banks and microloan organizations. However, the loans that they offer mostly **do not include any special conditions and facilities for youth starting their first business**. For instance, a lower interest rate, offered by banks, is not an actual facility if youth are being asked to provide mortgages or guarantors. For youth aspiring to own a business, the start-up capital is the biggest issue, i.e. the percentage of the deposit they are required to make or provide as a guarantee for the loan. Whether this amount of money exceeds what may reasonably be expected for youth to have in their savings, or they are required to mortgage real estate that are most likely owned by their parents, and not youth themselves, the result is an almost insurmountable obstacle that requires them to go

into debt to start a business. For instance in Serbia, out of the 30 commercial banks only four of them include microloans in their portfolio and only one is entirely focused on microloans, especially for rural areas. Representatives of microloan institutions pointed to the substantial discrepancy between the demand for microloans in Serbia and the supply of such loans by microloan institutions. Another obstacle is the fact that youth have to compete with more experienced entrepreneurs, owners of SMEs with more experience in running a business.

According to national reports of partner organizations, it appears that in all Western Balkans countries, excepting Kosovo where there are no available data, **financial incentives provided by government institutions for youth launching and running businesses are very much present**, in terms of frequency, their focus on youth as a target group and the amount of funds allocated and invested in supporting them. Incentives exist at all levels of government, primarily at state level, but also at the local level, and specifically for Bosnia and Herzegovina at the entity and cantonal levels.

For instance, in Albania the Municipality of Tirana provides funds to young entrepreneurs between 18 and 35 years of age by awarding grants for launching businesses or expanding current businesses. In Montenegro this type of support is more modest, and differs among municipalities.

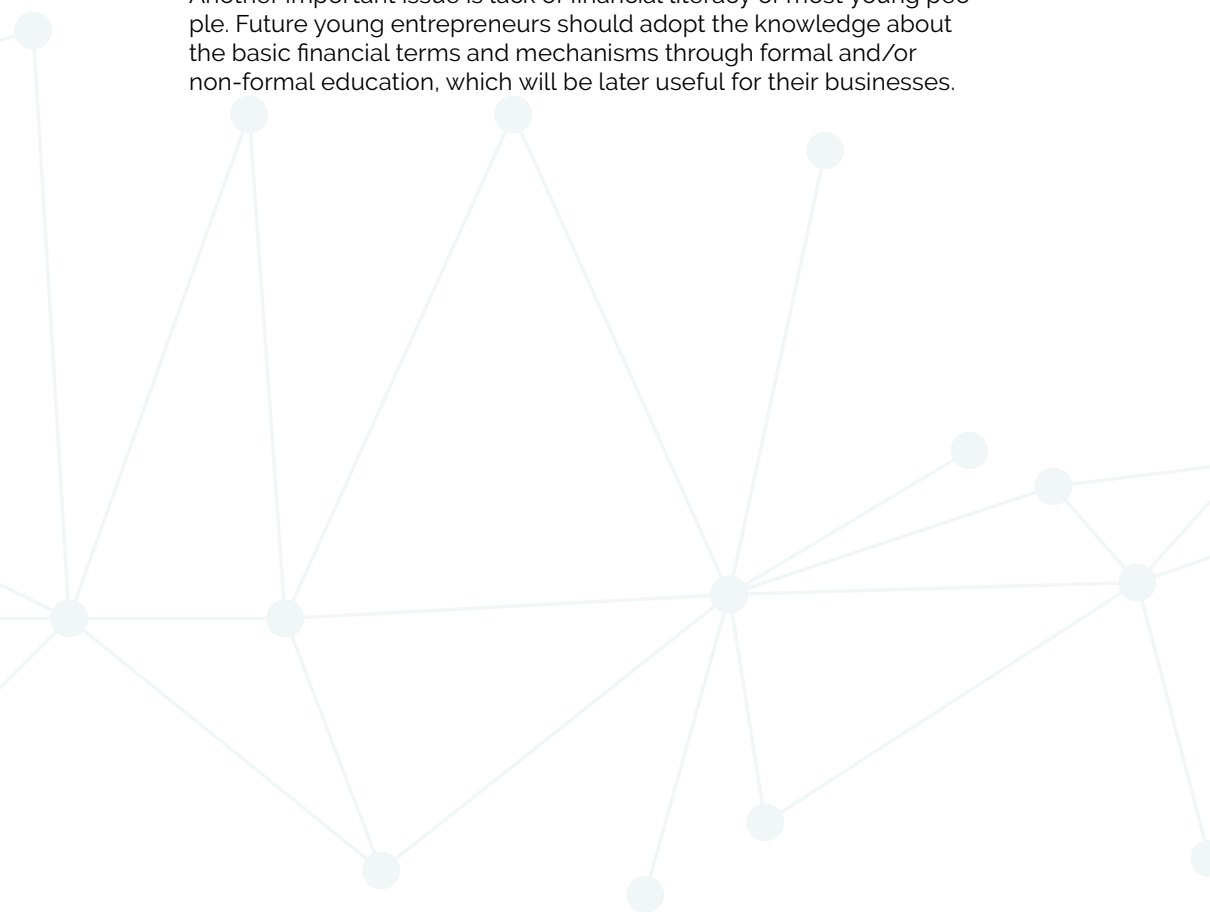
Information about the effects and sustainability of the launched businesses is scarce, since there are no monitoring data, or evaluations of government programs, measures and incentives.

Alternative funding types and models such as business angels, crowd-funding and others are still underdeveloped. They are not recognized by law, and there are no obvious efforts to set up relevant regulations and mechanisms. Domestic entrepreneurs with surplus capital do not recognize these options as business and investment opportunities; or they are not sufficiently informed or motivated. However, there are some business angels, although there is not much information about how they work or the results they achieve. Examples include the business angels network of the Innovation Center Banja Luka in Bosnia and Herzegovina and CEED Macedonia Business Angels Club in North Macedonia, both of which are members of the European Business Angels Network (EBAN).

A significant source of financial support are domestic and international non-government and government organizations, agencies and institutions from foreign countries, who support the development of the economy and entrepreneurship through their regular or special programs, initiatives and activities, often in cooperation with domestic government institutions.

Youth interested in becoming entrepreneurs **have access to some regional programmes**, such as COSME, European Union's Programme for the Competitiveness of Small and Medium-Sized Enterprises (SMEs) with a 2.3 billion EUR budget for the 2014-2020 period, which can be used by Serbia and Bosnia and Herzegovina. Also, there is Erasmus for Young Entrepreneurs, an international exchange programme that provides new or potential entrepreneurs with an opportunity to learn from experienced entrepreneurs, and is available in Serbia, Bosnia and Herzegovina, North Macedonia and Montenegro. Unfortunately, there is no available information of the extent to which youth use these programmes.

Another important issue is lack of financial literacy of most young people. Future young entrepreneurs should adopt the knowledge about the basic financial terms and mechanisms through formal and/or non-formal education, which will be later useful for their businesses.



3. Complicated bureaucratic procedures and no stimulating tax treatment for young entrepreneurs

Over the past few years, youth entrepreneurship is increasingly treated as **one of the government's strategic priorities, especially in terms of addressing the high unemployment rate of youth in all the Western Balkans countries**. However, youth in Western Balkans countries see **bureaucratic procedures as one of the obstacles to starting a business**.

Chart 1 contains the relevant legal and strategic framework in the Western Balkan countries.

Chart 1. Legal and strategic framework for youth entrepreneurship in Western Balkan countries

	Laws and strategic documents regulating youth entrepreneurship
Albania	<ul style="list-style-type: none"> ▪ Employment and Skills Strategy 2014 – 2020 "Higher skills and better jobs for all women and men"; ▪ National Youth Action Plan 2015-2020; ▪ The Business and Investment Development Strategy 2014-2020; ▪ National Strategy for Development and Integration 2014-2020
Bosnia and Herzegovina	<ul style="list-style-type: none"> ▪ Development Strategy for the SME sector in BiH 2009-2011; ▪ Project for Developing SMEs in FBiH; ▪ Action plan for implementing the project «Developing SMEs in FBiH» for 2016-2018; ▪ Development Strategy for SMEs in Republika Srpska 2016-2020; ▪ Development Strategy of BiH 2010-2014; ▪ Development Strategy of Federation of BiH 2010-2020; ▪ Law on Stimulating the Development of Small Economy in Federation of BiH; ▪ Law on Stimulating the Development of SMEs in Republika Srpska; ▪ Law on Stimulating Economic Development of Brčko District; ▪ Reform Agenda for BiH 2015-2018
Kosovo	<ul style="list-style-type: none"> ▪ National Development Strategy 2016-2021; ▪ Strategy of the government of Kosovo on development of SMEs 2012 - 2016 (with vision on 2020)

North Macedonia	<ul style="list-style-type: none"> ▪ Entrepreneurial Learning Strategy of FYR Macedonia 2014-2020 ▪ The National Strategy for Small and Medium-Size Enterprises 2018 – 2023 ▪ The Strategy for Innovations in the Republic of Macedonia 2012 – 2020 ▪ Program for Competitiveness, Innovations and Entrepreneurship 2018 ▪ Competitiveness Strategy with Action Plan of the Republic of Macedonia 2016-2020
Montenegro	<ul style="list-style-type: none"> ▪ Strategy for lifelong entrepreneurial learning 2015-2019; ▪ Youth Strategy 2017-2021 with Action Plan for 2017; ▪ Vocational Education Development Strategy 2015-2020; ▪ Development Strategy for Micro, Small and Medium Sized Enterprises in Montenegro 2018-2022; ▪ Youth Law (Official Gazette of Montenegro, 42/16); ▪ Economic reform program for Montenegro 2016-2018; ▪ Development directions for Montenegro 2015-2018
Serbia	<ul style="list-style-type: none"> ▪ National Youth Strategy 2015-2025; ▪ Strategy for supporting the development of SMEs, entrepreneurship and competitiveness 2015-2020; ▪ National Employment Action Plan for 2018; ▪ Education development strategy in Serbia until 2020; ▪ Strategy for development and government support to IT industry; ▪ National priorities for international aid in the Republic of Serbia 2014-2017 with projections until 2020; ▪ Employment and Social Reform Programme

Young entrepreneurs are struggling because of the lack of information about registering a business and legislation that regulates their operations. **There are many regulations and they are often very complicated to understand.** According to a survey conducted by the Institute for Youth Development KULT, youth in FBiH look favourably on self-employment programs and incentives for launching businesses. However, they cite the complicated administration as one of the drawbacks. According to young people, it takes at least 6 months to complete the registration process, which uses up the majority of the funds they receive. According to results of the Global Entrepreneurship Monitor for BiH 2010-2012, new and growing businesses are struggling with bureaucracy, legal obligations and regulations.

The number of days and procedures listed in Chart 2 shows that starting a limited liability company is fastest in North Macedonia, Serbia, Albania and Kosovo. North Macedonia, Kosovo and Montenegro have the lowest costs.

Chart 2. Indicators from the Doing Business Report 2018 on ease of doing business in the Western Balkan countries

	Ease of doing business ranking (1-190)	Starting a business – ranking (1-190)	Number of days for starting a business	Number of procedures for starting a business	Cost of starting a business (% of income per capita)
Albania	65	45	5	5	12,0
Bosnia and Herzegovina	86	175	65	12	7,7
Kosovo	40	10	5.5	3	1%
North Macedonia	11	22	7	4	0,1%
Montenegro	42	60	10	6	1,5%
Serbia	43	32	5.5	5	2,3%

In Albania, BiH, Kosovo and North Macedonia, there are no specific tax breaks exclusively for youth and their businesses. Since 2018, Serbia has tax breaks for new businesses, which include youth: lower corporate tax for the first two years from the day the company was founded; lower contributions for obligatory social insurance for the first two years from the day the company was founded; non-taxable income was increased to 15,000 dinars. In Montenegro, tax facilities are mostly in the form of a stimulus available to business owners who start their companies in a municipality's business zone or in municipalities that are classified as underdeveloped. Pursuant to the Law on Corporate Tax, in economically underdeveloped municipalities in Montenegro newly founded businesses are exempt from paying calculated corporate tax for the first eight years. Pursuant to the Law on Income Tax the calculated income tax for the first eight years is reduced by 100%.

4. Current entrepreneurial infrastructure and mentorship are still in developing phase

It is extremely important for young entrepreneurs to have support in terms of physical and technical infrastructure, but also in terms of professional support and mentorship.

Access to communication networks (phone, internet...) for business owners and young entrepreneurs is not complicated or expensive in Western Balkan countries. Utilities are also relatively affordable for business owners.

However, **access to utilities varies by country.** According to the Global Entrepreneurship Monitor for BiH 2010-2013, experts believe that a new and growing business can get connected to utilities within a month. Getting connected to the electrical grid takes an average of 125 days in Serbia. Other utilities can be connected faster, e.g. water can be connected within 30 days. In North Macedonia, a connection to the electrical grid takes 97 days. In Montenegro, connections are made in 4 steps. Getting connected to the electrical grid is one of the main obstacles for businesses in Albania, where it takes 6 procedures, 77 days and the cost is 491.4% of income per capita. In Kosovo, one of the obstacles is access to the water supply system, which is not developed in all areas.

Youth who want to start and develop their own business **have access to mentors and professional support** through various programs offered by government institutions and NGOs. However these services **vary in scope and continuity among countries and programs.**

Serbia has two mentorship programs initiated by two government institutions: Development Agency of Serbia and the National Employment Service. However, they have thus far not been able to adopt a good mentorship practice, for the following reasons: the programs are short-term; they have time constraints: minimum 25 and maximum 50 hours per entrepreneur and in most cases they do not include plans for final implementation. The program comprises three segments: diagnostics (financial analysis, interview with the owner, SWOT analysis and defining key problems), planning (more detailed analysis and development of action plan) and implementation. On the other hand, the mentorship provided by the National Employment Service includes visits to companies, interview with the owner, diagnosis of the current

situation, identification of problems and suggested solutions. This activity is subject to even stricter time constraints, and the program lasts for two days (5 hours a day). Both programs have a tendency of being fairly formal and are focused less on performance. The programs are not flexible or tailored to the needs of the participants. Finally, there is no evidence of how successful these programs are, or any data about users of the mentorship services after their participation in the program.

Bosnia and Herzegovina does not have a systematic approach to providing mentorship and professional support to youth who are starting or managing their business. In Montenegro, all information about starting businesses is available to youth at the Directorate for the Development of SMEs. The portal "Assistant" provides all the information about procedures and the documents needed to register a business, register employees, value added tax, etc. Kosovo has mentorship programs run by the Ministry of Labour and Social Welfare and the Ministry of Culture, Youth and Sports. The government of Albania, however, does not provide mentorship programs – all such programs are run by the NGO sector.

When it comes to the development of entrepreneurial infrastructure, it is important to note the **availability of business incubators in the Western Balkans**. Unfortunately, data is scarce and limited in scope, which means that in some cases we do not know the exact number of incubators in a country, their geographical distribution, the number of users, and affordability of the services they offer.

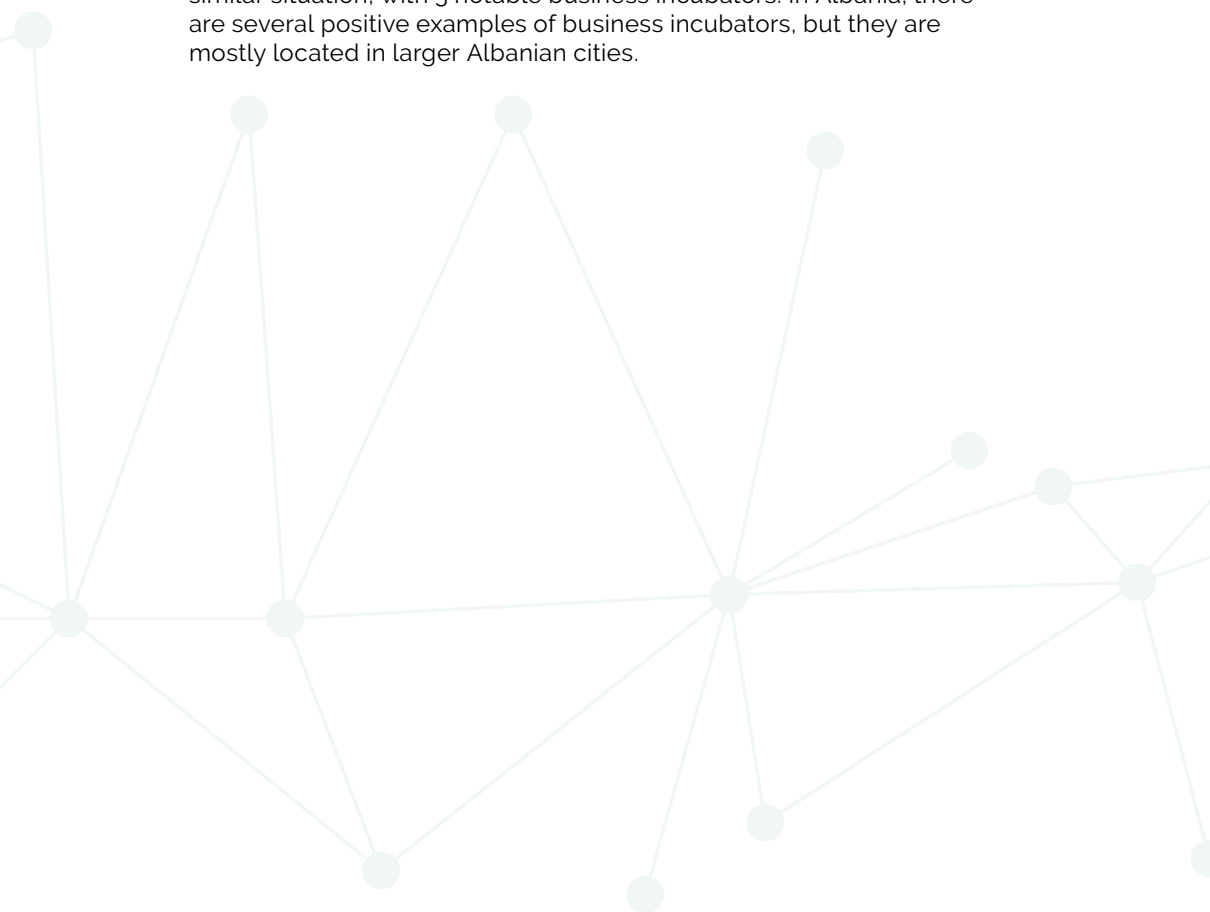
Serbia currently has more than 30 incubators, but not all of them are operational. They are present in almost all regional centres in the country, and it can be said that they are evenly distributed. On the other hand, there are private, modern incubators focused on innovation, creativity and information technology.

There are 5 business incubators in Montenegro. For instance, Business Center of the Capital is currently incubating 8 businesses. These businesses are provided with rent-free facilities for two years and free-of-charge accounting services for one year.

According to data from 2015 from the web portal www.poslovnookruzenje.ba run by the LEDnet network – Network for Economic Development in Bosnia and Herzegovina, twelve business incubators in BiH are managing 21339.72 m² of business space. Since 1998, the business incubators generated more than 160 businesses and 1304 jobs, they regularly fill the budget of BiH and contribute to the socio-economic stabilization of BiH citizens. Some of the users export significant amounts of added value products.

Nevertheless, the BiH government has yet to create a comprehensive, long-term and systematic support program. The sustainability of business incubators is the sole responsibility of the founders, which are municipalities and the Government (Brčko District) in 8 cases, and the NGO sector in 4 cases. Other levels of government and funds for supporting the development of entrepreneurship did not get involved in forming business incubators, funding their sustainability, or providing program and financial support to forming new business incubators.

North Macedonia has 8 incubators. Two of them work on a regular basis, and six of them are usually project/donor driven. Kosovo is in a similar situation, with 3 notable business incubators. In Albania, there are several positive examples of business incubators, but they are mostly located in larger Albanian cities.



Conclusions and recommendations


Understanding the current state and development of entrepreneurship of youth in Western Balkan countries is very challenging, due to scarce data from surveys and official statistical data provided by the government. The importance of youth entrepreneurship can be demonstrated through creating opportunities for self-employment and youth employment in general, which on the other hand largely depends on the business environment and the economy of a country. One of the key evidence-based messages regarding youth entrepreneurship in the Western Balkans relates to necessity of improving relevant indicators for enabling environment, such as ease of starting a business, access to mechanisms and incentives for start-ups and promotion of good practice. Although there are some specifics regarding the business environment in each of six Western Balkan countries, the problems and challenges that need to be addressed are very similar.

Based on the identified policy issues, a broad set of recommendations which address them can be proposed.

1. **Government institutions should support continuous primary research** on all aspects of the entrepreneurial environment for youth in order to provide an official and **public database** for adequate policy measures and actions. Priority should be given to research studies regarding bureaucratic procedures, providing favourable infrastructure and overall encouragement for young people to start new business ventures. Ministries of economy, chambers of commerce, as well local authorities should have leading roles in these researches and providing data, while civil society organizations can have a supportive role in this process.
2. **Alternative sources of funding for youth businesses, such as business angels and crowd-funding, should be regulated by law.** Access to existing sources of funding should be improved by providing various loan facilities. **Information about financial in-**

centives should be provided to young people through all available means of information, such as one-stop shops, face-to-face communication or online support, especially ones provided by the government. Financial sources should be available in smaller and rural areas, not only in capital cities. Financial literacy of youth should be well improved through formal and/or non-formal education in order for them to understand basic financial terms and mechanisms, and use them later on for their businesses.

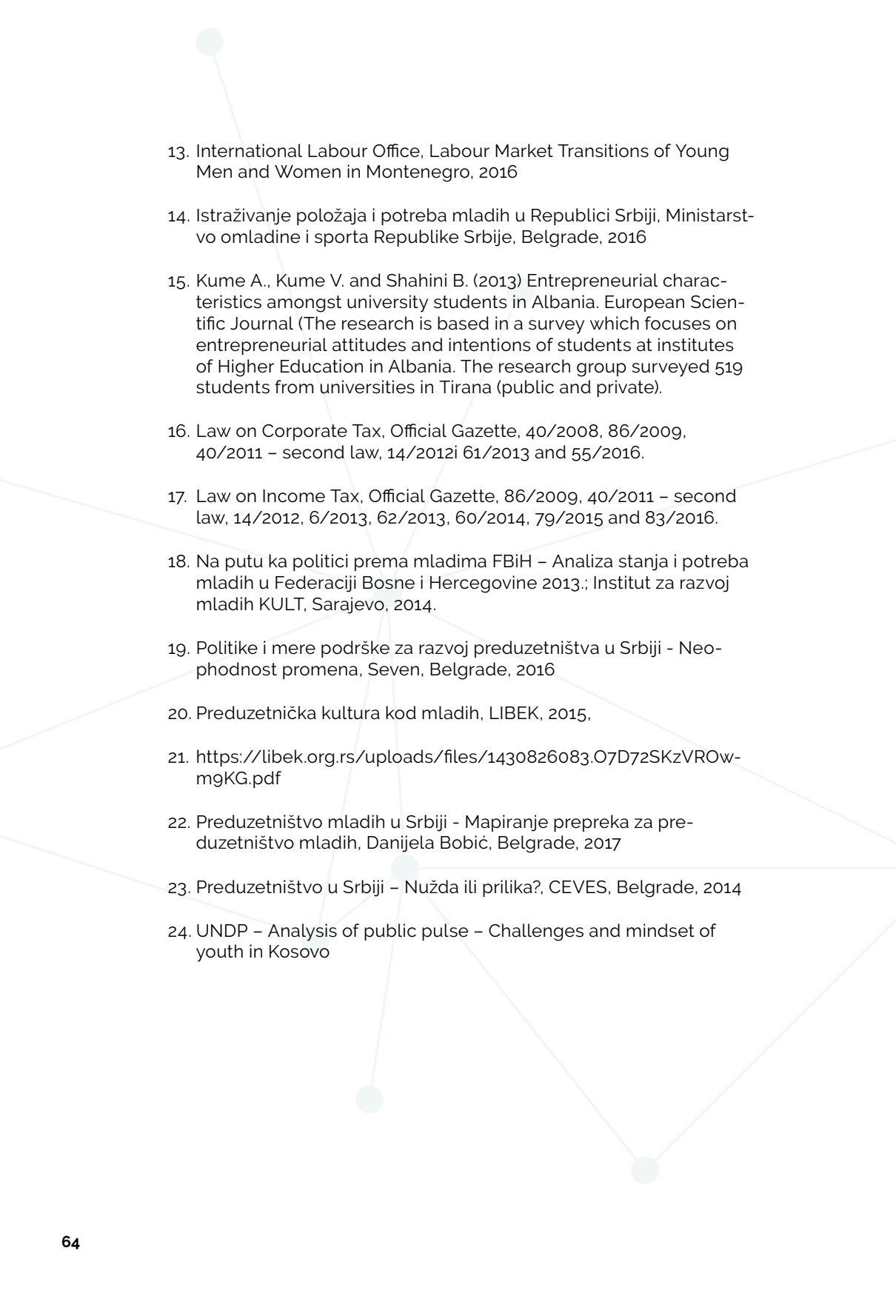
- 3. It is necessary to **develop a stimulating tax treatment of young entrepreneurs** by introducing specific measures and facilities by the authorities following the examples of countries with good practice; **simplify and improve the transparency of procedures for starting a business**; strengthen the role of local communities and local administrations in supporting young entrepreneurs. Institutions that award incentives for developing entrepreneurship should **monitor and evaluate the awarded incentives** in order to design measures that will be appropriate in practical terms. Stronger connection and cooperation should be established between government and non-government sector in order to support entrepreneurship even better, in the form of all kinds of consultations about defining policies or legal solutions.
- 4. It is necessary to improve the current entrepreneurial infrastructure and **establish a systematic and continuous mentorship approach to young people who are starting their businesses or are developing an already registered business**. Young people must be able to turn to competent institutions and organizations for any kind of help they need in developing their business plans, interpreting the legal aspects of starting a business, and other activities. When it comes to business incubators, they should focus more on supporting and encouraging simple, common and traditional business ideas as more realistic ones, instead of requesting innovative business ideas of their users.
- 5. It is necessary to **promote examples of good practice and create a positive attitude towards young entrepreneurs who launched successful businesses**. Legislation and other strategic documents should be modified in order to make the positive

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attitude as the outcome. It is necessary to raise consciousness about the contribution of business owners to economic development and to promote entrepreneurs as the key generators of new jobs. Entrepreneurs, authorities providing financial incentives and different international and local programs of support for entrepreneurship should promote entrepreneurship and improvement of entrepreneurial spirit through modern channels of communication, such as YouTube, Facebook, and Instagram etc. as the ones more appropriate for youth.

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**LIFELONG
ENTREPRENEURIAL
LEARNING IN THE
WESTERN BALKANS –
GETTING PACE**



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Entrepreneurial learning is important policy area in the European Union's 2020 strategy. Promoting entrepreneurship across the education system, especially in schools, is a key part of building competitive job-creating economies¹. For the past 5-10 years **all countries in the Western Balkans have had a worthy move forward in the overall development and promotion of lifelong entrepreneurial learning**. From the evidence gathered, it is suggested that the notion is closely associated with the EU integration processes in the region, and in particular with the view of educational and employment policies harmonization vis a vis the EU 2020 Strategy and E&T 2020. Underpinned by ETFs international projects, most of the countries have developed some kind of nation-wide partnership and set the strategic orientation for further development of entrepreneurial learning. It seems that the signing of the Charter for Entrepreneurial Learning in 2012 gave a new impetus to the WB countries, since very soon after, the Strategies for Entrepreneurial Learning were adopted by several WB countries (FYROM, BIH, ME). This framed a normative frameworks in the region that supports the further development of this topic. The greatest progress in formal education system was achieved at the level of secondary education and then higher education. Solid progress has been made in adult education and non-formal learning, where CSOs and private sector providers play a pivotal role.

In supporting the countries of the region in getting the pace in this field, we have conducted the desk research, and carried out consultations with relevant stakeholders individually and within the National Fora on Youth Employment established under WeB4YES project in each of countries² as platforms for structural dialogue among key Stakeholders in the field. Within the Regional Forum on Youth Entrepreneurship organized in Durres from 19 to 20 November 2018, the findings and recommendations of research document were discussed by more than 70 representatives of public institutions, business sector and civil society organizations dealing with youth employment from the Western Balkans.

1 OECD: SME Policy Index Western Balkans and Turkey, 2016

2 Albania, Bosnia and Herzegovina, North Macedonia, Kosovo, Montenegro, Serbia

The research findings discussed with key stakeholders through regional and national consultations, indicated several issues for further consideration in the countries of the region:

1. Overall intersectoral cooperation among institutions in public, private and civil sector is limited
2. There is noticeably limited capacity for quality assurance and limited role of CSOs in this segment, particularly in monitoring and evaluation of the policies and processes related to lifelong entrepreneurial learning
3. There is lack of consistent approaches for systemic comprehensive integration of entrepreneurial learning into formal system of education across region
4. Existing arrangements of recognition of non-formal learning are not effective in supporting integration of entrepreneurial learning in non-formal learning sector, practice sharing and promotion;

Brief elaboration of these issues is following, along with recommendations for the countries in the region.

1. Overall intersectoral cooperation among institutions in public, private and civil sector is limited

The existence of national partnerships with diversified institutional stakeholders from both public and private sectors is considered a precondition for effective promotion and development of entrepreneurial learning in a holistic and comprehensive manner (SEECEL, 2016). Clear, state led - top down approach in development and promotion of entrepreneurial learning exist in all Western Balkans countries, and in half of them (Albania, North Macedonia and Montenegro) is identified structure like National Partnership³. In Bosnia and Herzegovina and Serbia, there are specific situations. In BiH, following the constitutional organization of the state⁴, in place are 2 entity-level and 1 district-level partnerships. Agreement on forming of National Partnership on state-level has also been drafted, but not signed yet⁵. In Serbia, in place is National Partnership constituted in 2009⁶, but which is not operational since 2012⁷. Despite the Partnership was never dissolved, another national structure (Council on SMEs) responsible for monitoring of implementation of the Strategy on SMEs⁸ was created to, among other things, monitor strategy chapter on entrepreneurial learning.

However, overall intersectoral cooperation among institutions in public, private and civil sector is viewed in country reports as **limited mostly to public institutions** with few examples of private stakeholders' participation. For example in Albania, CSOs participate sporadically, on the basis of case issues⁹. In FYROM, there is neither data on exact composition of the EL Steering Committee,

3 National partnership is a national level structure formed out of the institutions coming from all 3 sectors relevant in the EL field, i.e. public sector institutions, private sector operators including SMEs and civil sector organizations.

4 Bosnia and Herzegovina is constituted of 2 entities including Federation of BiH and Republika Srpska, and Distrikt Brčko.

5 Country report on the Development and Promotion of Lifelong Entrepreneurial learning in Bosnia and Herzegovina, 2018

6 Country report on the Development and Promotion of Lifelong Entrepreneurial learning in Serbia, 2018

7 Ibid

8 Strategy on the development of SMEs, entrepreneurs and competitiveness for period 2015-2025, Government of RS, 2015

9 Country report on the Development and Promotion of Lifelong Entrepreneurial learning in Albania, 2018

nor about operations of this structure¹⁰. In Bosnia and Herzegovina, CSOs are involved through Advisory bodies established for promotion of EL¹¹, but not in National Partnership as such. In Montenegro, members of National Partnerships are representatives of Employers Union and 1 CSO. However, the Country report¹² is suggesting there more opportunities for participation of private and civil sectors need be created. It is also generally noted that there is insufficient data on the functioning of these structures.

Created cooperation arrangements have brought about some domino effect results in the region. Apart from underpinning processes of legislative frameworks development, these are said in some country reports to also have influenced introduction of entrepreneurial learning as elective in primary schools and general secondary education¹³ while some VET secondary schools benefited from introduction of programs and opening of the specialized entrepreneurship centers that further support promotion and development of entrepreneurial learning, like in case of Montenegro which may represent the role model for partnership building. Analytical report from Montenegro suggests that **Montenegro has had continuous improvements when it comes to national partnership building and participation arrangements.** This include the establishment of National partnership 2008 and revision of membership in 2011 which turned to be good practice for keeping up pace of partner cooperation on the matter. Strategy for Lifelong Entrepreneurial Learning and Action plan were devised and in 2016 Partnership operational model was created boosting capacities of the National Partnership with defined roles and responsibilities of the members including strategy implementation and monitoring reporting, and entrepreneurial learning promotion at all educational levels in formal and non-formal education.


However, there are several indicators of **limited intersectoral cooperation among key stakeholders** in many countries. For example, in most of countries, **data on the functioning** of existing arrange-

10 Country report on the Development and Promotion of Lifelong Entrepreneurial learning in FYROM, 2018

11 Country report on the Development and Promotion of Lifelong Entrepreneurial learning in Bosnia and Herzegovina, 2018

12 Country report on the Development and Promotion of Lifelong Entrepreneurial learning in Montenegro, 2018

13 For example in Montenegro VIII grade of primary and I and II grade of general secondary education.



ments (assessments, evaluation reports) and in particular **on their funding is not easily found**. There is limited scope of information and lack of practice **to make information and documents available to stakeholders and the public**. The **role and engagement of CSOs** in development of entrepreneurial learning **is still scarce** in most of the countries of the region, focus is on state actors. In Serbia the **possibility of synergy is not used**, and partners are focused on their internal priorities¹⁴.

All countries in the region have significant ratio of rural population, but in all there is lack of information about the **involvement of the stakeholders from rural and remote areas** and the ways existing arrangements ensure their involvement.


14 Bobic, D., *Preduzetništvo mladih u Srbiji: Mapiranje prepreka za predizetništvo mladih*, GIZ, Beograd, 2016

2. There is noticeably limited capacity for quality assurance and limited role of CSOs in this segment, particularly in monitoring and evaluation of the policies and processes related to lifelong entrepreneurial learning

Effective development and promotion of lifelong entrepreneurial learning **can hardly be imagined without quality arrangements** in place. However, in regional report¹⁵ it has been noticed that countries of the region **apparently lack the monitoring and evaluation mechanisms** in implementation of the policies (laws, strategies, etc.) and processes related to entrepreneurial learning. Lack of monitoring and evaluation data **makes assessment of the progress very difficult, and subject to self-assessment**. There is noticeable lack of quality assurance arrangements at all levels, indicating low awareness and capacity of public institutions to ensure effective process of development and promotion of entrepreneurial learning. Exception can be found in Montenegro, on secondary education level, where is in place solid system of monitoring and reporting on the process of integration of EL in gymnasiums and VET schools. On other side, comparative overview of CSO participation landscape across the region suggest that **in no country CSOs play appropriate role to their capacities and potential to drive the process of development and promotion of entrepreneurial learning**. For example, in Bosnia and Hercegovina, role of civil society is formally recognized through their advisory status to Partnerships and implementation of the line Strategy, but they do not receive any feedback on quality assurance. In FYROM, CSOs are mostly involved in consultations through working groups in the process of creation legislation, but not in monitoring and evaluation of its implementation. Similar is in Montenegro where role and participation of CSOs has been ensured through the working bodies on the creation of strategic documents, but with no role in quality assurance of implementation.

It is also indicative that **civil society doesn't play any substantial role in SBA self-assessment process** in the countries of the region,

¹⁵ Stojanović, M., Regional report on the development and promotion of lifelong entrepreneurial learning, Belgrade Open School, 2018 (working document)

An abstract geometric design consisting of light blue lines and dots. A central dot is connected to several other dots, forming a network. One dot is at the top left, another at the top right, and others are scattered below the center. The lines connect these dots in a way that creates a series of triangles and polygons across the page.

except in case of Serbia, with certain limitations. Except Serbian, no other country report has identified participation of CSOs in this process designed to assess WB countries SME policy frameworks and monitor progress in policy implementation over time¹⁶. Benchmarking tool used in this process is measuring the level of fulfillment of 11 sets of indicators, whereby entrepreneurial learning falls under first set of indicators. The entrepreneurial learning set of indicators inquire about policy partnership, policy elaboration process and support resources, monitoring and evaluation, good practice exchange, non-formal learning, entrepreneurship key competences and learning environment and organization. The process is based on self-assessment of key stakeholders and participation of private sector organizations and CSOs contributes to achieving more relevant and evidence based assessment findings. However, in the WB countries, there is insufficient evidence of such participation of CSOs and private sector entities.

16 SME Policy Index: Western Balkans and Turkey, OECD 2016

3. There is lack of consistent approaches for systemic comprehensive integration of entrepreneurial learning into formal system of education across region

Comprehensive outlook on entrepreneurial learning defines it as a **set of educational activities, methods and contents contributing to the development of entrepreneurial way of thinking, behavior and action and financial literacy**¹⁷. Hence it is **not necessarily linked to a business purpose** but is **rather associated with entrepreneurial competence** – one of the 8 key competences in OECD and EU frameworks that forms part of lifelong learning, and in formal education is developed throughout the entire educational cycle, regardless of whether the students will choose self-employment or other career path. Embedding of entrepreneurial learning into formal educational system further underpins institutions of formal education relevance and quality of education provided, while also increasing the overall attractiveness of the program and institutional visibility.

Western Balkans countries **combined two approaches** in embedding of entrepreneurial learning into formal education systems:

- a. introduction of a separate entrepreneurship/business course/s
- b. cross-curricular integration of entrepreneurial learning as a key competence

Introduction of a separate entrepreneurship course in most cases happened in framework of technical assistance EU funded projects. In Serbia, this way entrepreneurial learning courses were introduced in VET schools¹⁸, while in Montenegro entrepreneurship is available as elective in VIII grade of 35% of primary schools and in all gymnasiums, and sporadically in higher education curricula. In FYROM, 3 courses¹⁹ were gradually introduced in primary and secondary schools. In Albania Entrepreneurship is compulsory in VET schools while Student company module is non-compulsory²⁰.

17 Gribben, A. (ETF): Entrepreneurship Learning: Challenges and Opportunities (Torino, April, 2006)

18 Čekić-Marković, J. PREDUZETNIČKO OBRAZOVANJE: Komparativni pregled obrazovnih politika, modela i Prakse, SIPRU, Beograd, 2015

19 "Innovation", "Innovation and Entrepreneurship" and "Business and Entrepreneurship"

20 Country report on the Development and Promotion of Lifelong Entrepreneurial learning in Albania, 2018

Cross-curricular integration can be found in Montenegro, in preprimary (3-6 years) and primary education (I-X grades), and in secondary education (both gymnasiums and VET schools). This integration in Montenegro is supported by the establishment of entrepreneurship clubs in gymnasiums and VET schools and numerous workshops and roundtables on entrepreneurship²¹. In Serbia, cross-curricular integration was introduced to 4 primary schools as a project results, and in some universities. Good example of entrepreneurial university is University of Novi Sad with more than 100 spin off established companies and turnover of more than 90 million EUR in 2014.

In the Western Balkan countries **major progress in integration of EL in formal education is identified in secondary education**, especially in VET schools, whereas some progress is also seen in higher education. In their country reports, Montenegro and FYROM reported major progress. Bosnia and Herzegovina, Albania and Serbia are following. Montenegro in particular showed a more structured approach in embedding entrepreneurial learning in formal education system **based on clear division of roles and responsibilities among different levels of education and upbringing**, coupled with strict sub-coordination relations arrangement. All developments and processes regarding the entrepreneurial learning embedding in formal education are being monitored and reported on annual bases in framework of national Strategy for Lifelong Entrepreneurial Learning. Integration of entrepreneurial learning into formal education in Montenegro **can thus be traced at all educational levels** including preprimary and primary education.

Despite the overall narrative on its importance for future societal and economic prospects²² and the fact that in the countries of the Western Balkans region entrepreneurial competence has been given an important place in both industrial and educational policies, **pace of the process** of integration of entrepreneurial learning into formal educational pathways **is still slow** in most of the countries. As a result, several tested models of entrepreneurial learning and business support, such as student company model, business incubators, accelerators, hubs, etc. are introduced into formal education

21 Country report on the Development and Promotion of Lifelong Entrepreneurial learning in Montenegro, 2018

22 Čekić-Marković, J. PREDUZETNIČKO OBRAZOVANJE: Komparativni pregled obrazovnih politika, modela i Prakse, SIPRU, Beograd, 2015

system on different levels normally on ad hoc, temporary (project based) manner with limited scope and availability to different youth groups (e.g. youth living in rural areas lack access to these opportunities).

The main stated rationale for this include:

- Overall understanding of entrepreneurial learning in a more narrow way, i.e. important only for students that would be interested in starting their own business activity, hence cross-curricular integration is needed
- Lack of teaching staff educational programs in entrepreneurial learning and limited motivation of teachers to engage more in the promotion of entrepreneurial learning
- Failure to include monitoring and quality assurance mechanisms in entrepreneurial learning programs provided (except in Montenegro)
- Limited systemic efforts made to support cooperation between formal and non-formal learning providers and development of joint programs in entrepreneurial learning;

4. Existing arrangements of recognition of non-formal learning are not effective in supporting integration of entrepreneurial learning in non-formal learning sector, practice sharing and promotion.


A number of non-formal learning and vocational training opportunities with elements of entrepreneurial learning are provided by state institutions (public employment offices, chambers of commerce), CSOs and through international projects. The most common providers of accredited non-formal education and adult education programs with elements of entrepreneurial learning are state institutions, while CSOs and private sector providers are the most common providers of other, programs (not requiring accreditation), **making at the same time majority of available non-formal learning programs, especially for youth.**

The role of CSOs in provision of entrepreneurial learning programs and promotion across society, should particularly be stressed. Yet, in some countries of the region, such as Serbia, the promotion of entrepreneurial learning programs and exchange of practices is **not seen as well harmonized effort** of different stakeholders²³, and often, especially at the local level, overlapping of efforts and programs happen between different institutions. As a result no evidence can be traced of systemic approach to integration of entrepreneurial learning into non-formal learning sector. Given that CSOs and private sector providers are seen in country reports as major providers in non-formal learning, lack of systemic approach may be the consequence of their insufficient and non-substantial involvement in entrepreneurial learning cooperation arrangements, but also of **existing arrangements of recognition of non-formal learning which are not effective in supporting integration of entrepreneurial learning in non-formal learning sector, practice sharing and promotion.** Due to existing recognition framework, CSOs mostly participate in and offer non-formal learning programs and activities they create (within their projects and programs). Proper recognition of the value of CSOs training programs is missing particularly due to **stringent non-formal education programs accreditation policies.** Effective practice sharing and promotion of entrepreneurial learning is particularly missing in remote, rural areas.


23 Bobic, D. (2016), *Preduzetništvo mladih u Srbiji: Mapiranje prepreka za predizetništvo mladih*, GIZ

Recommendations


Numerous elaborated issues existing in entrepreneurial learning policy field in the Western Balkans region, indicate that countries need to take a greater pace in tackling the issues. Recommendations developed in consultations with key regional stakeholders and presented in this document, make relevant and consistent framework for further actions that should be taken in partnership of public, private and civil society sectors in the following years.



Recommendation 1: To form a clear national structure such as National Partnership in countries of the region, with participation of public, private and civil sector organizations, with mandate to coordinate and support the development and promotion of lifelong entrepreneurial learning. As there is significant share of rural population in the countries of the region, participation of stakeholders from rural and remote areas in these structures should be ensured. This should be shared responsibility of the ministries responsible for economy and education.



Recommendation 2: To increase involvement of CSOs in processes related to entrepreneurial learning, incl. SBA self-assessment, in order to increase transparency and quality. This involvement should reflect capacities and expertise of civil society to drive the process forward and ensure that high quality standards are respected. This also should be shared responsibility of ministries responsible for economy and education to recognize and be open for quality assurance practices coming from civil society.



Recommendation 3: To introduce systemic approach in embedding of entrepreneurial learning into formal education system, from preschool education to higher education, with clear division of responsibilities and monitoring mechanisms, in accordance with good practices in the region. Ministries responsible for education in the countries of the region should coordinate this process and make sure that all relevant stakeholders from public, private and civil society sectors are appropriately involved according to their capacities and expertise.



Recommendation 4: To enhance recognition arrangements of non-formal learning and thus, boost integration of entrepreneurial learning, practice sharing and promotion.

This issue should also be considered as responsibility of the ministries responsible for education, to be implemented in coordination with other key stakeholders from public, private and civil society sector.