

From Immediate Mediation to A Counseling Roadmap

Review of the Counseling Process in the State Employment Service

World Bank

2018

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REVIEW OF THE COUNSELING PROCESS IN THE STATE
EMPLOYMENT SERVICE

NOTE
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World Bank

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1. Introduction: The Ukrainian SESs

1. **This note summarizes a review of the functioning of SESs in Ukraine.** The assessment, which was based on a mix of data analysis, interviews with staff of the SES, visits to offices, and focus group discussions,¹ was conducted by the World Bank at the request of the Ministry of Social Policy in the context of important labor market challenges – reflected for instance in an unemployment rate of 9 percent in 2016. In particular, the focus of this exercise was to identify potential recommendations on statistical profiling as a means to improve the efficiency of the SES and better target their support to those who need it the most.

2. **The right to access the intermediation services of SES is detailed in the law “On Employment of Population”.**² Article 44 states that the registered unemployed have the right to receive from the SES: (1) services of job search for a suitable job and promotion of employment, including for public and other works of temporary nature; and (2) advisory, information and professional orientation counseling services for the purpose of choosing or changing an activity (occupation). The law does not however specify the role of the SES with regards to individuals currently employed who are seeking to change their jobs.

3. **The unemployment insurance fund, part of the single social insurance contribution, is the sole source of funding of the SES.** Most of the unemployment fund is spent on the payment of benefits (approximately 77 percent); administrative costs represent approximately 14.6 percent, and spending on ALMPs around 4.5 percent. The social insurance contribution has been recently reduced in order to reduce labor costs and informal employment, from 40 percent to 22 percent, with a 1.3 percent point contribution to unemployment. Funding from the Unemployment Insurance Fund is insufficient, with deficits being met from the state budget. The existing pro-cyclical funding approach operates as a further constraint. Some employers claim that given that the SES functions are supported via the unemployment insurance fund only those eligible for unemployment benefit should receive support.

4. **Since 2013 changes in the level of staff have been registered.** At the end of 2015 the SES employed 12,745 members of staff; 894 were identified as being management staff, 7,896

¹ This note was developed based on desk research and two missions to Ukraine (24 – 31 March and 24 – 28 April 2017). During the missions meetings were held with the main Ukrainian State Employment Service (SES) Departments and Divisions and field visits were undertaken to four SES offices: Chernigiv City Employment Office; Kiev Regional Employment Office; Desnianskii District Office (Kiev); Pechersk District Office (Kiev); and (Laryisa). Focus group meetings were held in Desnianskii District Office (Kiev) with employers, SES staff; and registered unemployed.

² The Law of Ukraine “On Employment of Population” (No. 5067-VI) sets out the labor market rights of all individuals. These include the right to employment (Article 3); to the free choice of the location, type of activity and occupation of employment (Article 6); to occupational guidance (Article 7); to vocational training (Article 8); to social protection in case of unemployment (Article 9); to a career abroad (Article 10); to protection against discrimination in employment (Article 11); to obtain free information on vacancies (Article 12); and to appeal decisions by public and private bodies with regards to violations of their rights (Article 13). The law further sets out the legal obligations of employers in providing employment (Article 50).²

worked directly with clients, 509 were service staff and 3,447 administrative staff.³ This number increased to 15,490 employees in 2017.⁴ The Employment Law reduced the privileges for the employees of the SES in 2013, most notably their status as civil servants, leading to a certain outflow of staff. For instance in 2015 102 people left in Kiev REC area; over that period, however, 98 persons were recruited. More recent budget cut backs have led to further reductions in staff, although SES offices have managed to address these through reducing support staff (e.g., drivers, cleaners, etc). The SES was expecting a new increase in the salary level to be announced in May 2017, which would help address some of the existing imbalances.

5. **SES staff appears to be experienced, and have access to training.** The 6 SES staff members who participated in the focus group on the 26th April 2017, for instance, had a combined service of 79 years. Most of the counselors interviewed reported being trained on admission to the service, and being allocated a coach. The majority of the training programs is of short term nature and related to specific issues. Staff who participated in the focus groups reported that once every five years they are obliged to participate in retraining that can last from two weeks to one month. Staff interviewed also reported that two times a year the heads of service departments providing front line services attend a three day seminar. The majority of staff training is done on the job, using other staff as coaches.

6. **SES makes use of different communication tools to reach out to potential clients and the general public.** The SESs use for instance their websites and Facebook page for communication with clients and employers, and to present services to the general public. The SES websites include: The official SES website (dcz.gov.ua); the information job vacancies and C.V.s portal (trud.gov.ua); and a portal for information on job placement of people with disabilities (intrud.gov.ua).⁵ They also make use of radio, printed and electronic media. As an example, a video clip on SES services was developed in 2016, and broadcasted as an advertisement over a 6 month period in 170 TV channels, 14 of which were national. A database of journalists and media outlets with which offices regularly share information is maintained, as well as a YouTube channel. An on-line questionnaire that all clients can use exists, and chats are run by specialists and experts in dedicated hours in the website and Facebook page; many users find these useful to get quick answers to their questions. Success stories are also promoted.

7. **The SES web-sites could work better.** All three sites are not maximized in terms of structure, user interface, presentation and content. The sites are also reported as being frequently off line due to internal technical problems. Currently the information on the Job portal (trud) is held in a standardized format. The SES would like to adapt the portal to enable job seekers and employers to supplement the information held on the portal. One of the development areas discussed with the SES during the preparation of this note is how to utilize the trud portal to automatically notify personal counselors when their clients are actively

³ Joint UNDP/ILO Report "Functional Assessment of the State Employment Services in Ukraine", 2016

⁴ http://www.dcz.gov.ua/control/en/publish/article?art_id=268592&cat_id=173136

⁵ <http://trud.gov.ua/control/uk/index?typeSearch=1&startPos=0>

applying for vacancies or amending their C.V. through the portal automatic notification of activation.

8. **There is not an effective management by objectives and M&E system in place in the Ukrainian SES.** Most PESs are committed to management by objectives in order to deliver their services in the most efficient and effective way, allowing high levels of accountability in the use of public resources, while also providing adequate levels of autonomy to PES offices and staff. Ireland, Germany and Finland are all good examples of how such a system could function. This is not however the case in Ukraine. The SES needs to develop both its strategic and operational performance management system by: (1) Developing objectives, determining targets and performance indicators and agreeing on Key Performance Indicators (KPIs), and (2) Monitoring, building and maintaining a robust, efficient and effective performance management system.

9. **The process of addressing the needs of clients, amended in 2014, is governed by SES regulation along different functions.**⁶ As shown in diagram 1 below, the SES offices are organized along the functions of: 1) information provision; 2) assistance to the unemployed; 3) contact with employers; and 4) provision of professional orientation. While the different sectors are presented separately the level of cooperation and joint working between staff is extremely high in practice. When a client comes into an office (job seekers, registered unemployed or vacancy holder) they are first signposted/directed by a Hall administrator or dispatcher in the Information Provision Sector (step 2); the jobseeker is assisted in registering and/or finding a suitable job by a counselor in the Employment Promotion sector (step 3), while employers are directed towards the Employers Interaction Sector to, for instance, register vacancies, or find a suitable candidate (step 3); those people who do not find a job in the first seven days are given the status of unemployed and move onto Professional Orientation services (step 4).

Diagram 1: SES Functions

Step 1	Step 2	Step 3		Step 4	
Vacancy-holders	Information Sector "Front Office" (Administrator and Dispatcher) Independent or assisted job search and signposting to	Employers-Interaction Sector (Personal Consultants – Interaction with employers)		Notification of vacancies, employer seminars, access to measures (USC compensation measure, public works, and vocational training).	
Registered Unemployed		In larger offices Primary registration, basic information collection, rapid selection and referral to suitable vacancies, referrals	Rapid job placement within initial 7 day period	Leave the SES once period of employment commences. If after 7 days given registered unemployed status and if eligible paid unemployment benefit.	
			Employment-Promotion Sector (Personal Consultants – Job placement). Undertake: secondary registration, given registered	Services for job-seekers and registered unemployed and CV-database Workshops	

⁶ Regulations of employment centers to meet customer needs - sequence of actions and enforcement functions (Регламент роботи центрів зайнятості щодо задоволення потреб клієнтів (алгоритм дій та виконання функцій) and Procedures for public service and employers specialist employment services (Рекомендації щодо обслуговування населення та роботодавців фахівцями служби зайнятості).

	other SES services.	acted upon within 7 day period In smaller offices registration and mediation, counselling is done together by Employment Promotion Sector	No job placement within initial 7 day period	unemployed status, personal card developed, counselling undertaken, and referred to other SES services if relevant	Professional orientation Measures Public works, Vocational training, Training vouchers,
Job Seekers			Job seeker (employed or student)	Professional Orientation Services Workshops, information provision and testing	

2. Summary and main messages

10. **The review identified some important strengths of the SES in Ukraine.** In particular a focus on mediation and placement into jobs, a case manager approach, well-trained staff, and a good tracking of information can be highlighted.⁷ The SES front office (*Information Sector*) provides an immediate focus on job placement and mediation and directs clients through the SES services. A personal counselor (job placement) is assigned to all registered unemployed people. SES staff has high education levels and personal counselors feel they have enough time to spend with clients during registration and in follow-up counseling sessions. The SES has also been making substantial efforts to identify non-notified vacancies and to enable access to them by the unemployed. In addition, the Unified Information-Analytical System (UIAS) systematizes the SES processes, automatically calculates unemployment benefits, and centralizes all data within one system.⁸

11. **On the other hand, however, more could be done to move towards an activation approach to delivering services.** The focus is still, to a large extent, on the unemployed needing to prove they are still unemployed rather than proving an active job search. The vast majority of unemployed are registered in order to receive unemployment benefits. It is important to better understand the extent to which once the unemployment benefit entitlement ends unemployed people remain on the register, as well as the profile of those registered who do not claim unemployment benefits.

12. **Moreover, the processes in place at the SES do not tailor support to different groups of jobseekers and do not focus on the most vulnerable workers.** The level of differentiation of services to specific groups of clients is very limited. The approach in client contact and service delivery is the reverse of what is typically seen in Public Employment Services (PESs). The frequency of contact was repeatedly stated as being dependent on the number of interview referrals that could be made at any one visit and the level of motivation of the client to find a job; therefore the closer the unemployed person is to the labor market, the more frequent the

⁷ The definitions used in this note are taken from the Law of Ukraine "On Employment of Population" (No. 5067-VI). Unemployed are persons aged 15 to 70 years, which due to the lack of earnings, or other legal sources of income, are ready and able to start work. Registered unemployed are people of working age, registered with the SES as unemployed and willing and able to work. The term Jobseeker is not specifically stated in the law but is taken to mean all people using the services of the SES including those currently in employment.

⁸ While there are strengths to the UIAS, there are also serious weaknesses in terms of the flexible extraction and reporting of data for monitoring and evaluation purposes.

interaction with the Counselor is – as opposed to offering more intense counseling to those job seekers who need more support because of lack of skills or motivation.

13. **The SES appears to be very effective in finding employment for job seekers before they are granted unemployed status, and in filling notified vacancies.** In 2016 almost 1.3 million people were registered unemployed in the SES. Out of these, 59.3 percent received a SES service. Around 40 percent of the around 750 thousand jobseekers that were placed in a job did so even before obtaining the registered unemployed status – within the initial 7 days after contacting the SES. In the same year the number of employers notifying vacancies was around 165 thousand; 919,300 vacancies were notified in total. Out of these, 79 percent were filled.

14. **However, the focus of the services is on placing jobseekers as fast as possible may come at the detriment of long-term career progress.** The focus of SES is on finding a job for unemployed clients as quickly as possible, rather than adopting a medium or long term personal development approach. The SES is not monitoring the quality of the jobs the unemployed are referred to, how long they remain in employment, and how quickly they re-register with them. This would help to assess how effective the provision of the current mediation services is in ensuring long term and quality employment instead of in merely preventing the acquisition of unemployed status by a large share of jobseekers.

15. **In addition, the mediation process may not help to build a virtuous cycle of trust with employers and jobseekers.** It is for instance unclear that the SES makes enough efforts to screen jobseekers, which may affect its reputation with employers, or to gather information on advertised vacancies. On the other hand, clients perceive SES job offers as generally low-skilled and low-paid. The SES needs to improve the perception that clients have of their services and to increase the quality and frequency of the contacts with employers in order to increase not only the number of vacancies advertised but also their quality. The lack of an effective labor market information system is also affecting the quality of professional orientation information.

16. **The current distribution of the workload is not balanced.** The SES would benefit from a precise workload assessment to establish whether the staff is allocated effectively across functions. A preliminary assessment conducted for the purpose of the review summarized in this note shows that the employer promotion sector appears to be over staffed, while the employer interaction sector and professional orientation functions appear to be understaffed. Although this distribution was previously justified based on the existing needs at the time, recent changes in the workload of the respective sectors would require a different balance today.

17. **Although the workload is currently low, if the SES is successful in attracting more jobseekers and employers, it will increase in the future.** The SES currently operates a very open door approach to employers, job seekers and the unemployed, who can come in and use their services freely and without many restrictions. In addition, the same staff is often responsible for different tasks including for instance registering and counseling. As the number of clients stays low this approach will continue to be not too disruptive; however, with higher

numbers of clients the SES will need to put in place more structured contact mechanisms and may need to consider a more logical distribution of tasks.

18. **Finally, information and monitoring systems, including for caseloads, need to be improved, as well as the use of new technologies in the mediation process.** No proper monitoring and evaluation system is in place, for instance with regards to the types of jobs found and the time the jobseekers stay in them; in addition, the availability of qualitative information is minimal while that of quantitative data is limited to certain standard reports. There is a particular need to clearly establish the current counselor/client caseloads. In addition, there is a very limited use of E-mail contact, including automatic E-mail and SMS. The double entry system of using the UIAS but also printing and hand writing on the personal card is particularly inefficient, and also affects the workload of case managers.

3. Are SESs effective in assisting jobseekers to find a suitable job?

3.1 Information sector

19. **All clients enter the SES through the Information Sector “front office”.** The main functions of the Information Sector are to: (1) Receive all job seekers and employers and to signpost them to the relevant SES staff; (2) provide primary information counseling about job search; (3) provide assistance in correction/preparation of C.V.s; and (4) contacting employers, representing suitable job seekers to them and registering them where they are referred to a job placement.

20. **The “front Office” functions efficiently and is one of the strengths of the SES.** This sector enables an immediate focus on job placement and mediation and clearly directs all clients through the SES services.⁹ On entering the Information Sector, clients are met by a Hall Administrator,¹⁰ which identifies the purpose of the visit and decides where the client goes next. First time registrations or re-registrations are directed by the “Hall Administrator” to the “Dispatcher.” Clients can register immediately, once the Dispatcher assigns them to a free registration workstation, or they can make an appointment to register at a later date.¹¹ Clients are also provided with immediate access to clear and detailed information on vacancies and other relevant information, which they can access in various forms (vacancy terminals, vacancy boards Internet, printed materials, free telephone, etc.), and both independently or with staff support. **Sufficient time is allocated to the registration process.** Primary registration is done the day the person enters the SES; secondary registration applies if the job seeker has not found a suitable job after an initial seven day period, when additional information and data is entered into the system. According to the established procedures registration time is 30 minutes; in

⁹ There are three main categories of clients entering the Information Sector: (1) Job seekers: anyone looking for a job including those already employed or students; (2) Registered unemployed: either first time unemployed registrations or re-registrations or registered clients following up with their Personal Consultant, attending training or mini fairs, or other activities; or (3) Vacancy holders (employers).

¹⁰ The number of Administrators is dependent on the size of the office. In smaller offices their role may be combined with that of the Dispatcher.

¹¹ The dispatcher first checks that the person is not registered with another SES office.

reality it ranges from 10 to 30 minutes depending on the client.¹² The registration staff collects: The client's name; professional occupation; previous work experience including last employer; education level; and job preferences and expectations. They review the labor book, which records the persons work history, and enter all the information into the UIAS system. In larger offices, primary registration is done in the information sector and secondary registration is conducted by the personal counselor in the employment promotion sector. In smaller offices the registration process is undertaken fully by the personal counselor.

21. **The primary focus of the SES is on job mediation and this commences during the registration process.** Once the primary registration is complete the registration staff reviews current vacancies with the unemployed person. If a suitable vacancy is found the registration staff will immediately call the employer and represent the unemployed person to them. If there is mutual agreement, a date and time will be set for the unemployed person to attend an interview.¹³ The client is given a referral form with two sections; the first section is addressed to the employer;¹⁴ the second section is completed by the employer and returned to the SES by the unemployed person within seven days or less.¹⁵ If the unemployed person was not successful in securing the vacancy/vacancies they were referred to, they are given unemployed status on the 8th day, back dated to the first day they registered at the SES. Following this they are randomly assigned a personal counselor (job placement) in the employment promotion sector via a "referral coupon." The person would become ineligible for the benefits if she/he fails to report back to SES, although she/he would still be eligible to receive SES services.¹⁶

22. **As seen before, a large share of job seekers is placed in a job before being granted unemployed status at the end of the seven day period.** Data received from the SES shows that the number of persons employed (including before granting unemployed status) was 745,954 in 2016; out of these, only 409,042 were registered unemployed. This seems to imply

¹² Procedures for public service and employers specialist employment services (Рекомендації щодо обслуговування населення та роботодавців фахівцями служби зайнятості).

¹³ Not all interviews are arranged by the Personal counselor (job placement). Clients can also be given print outs of vacancies and can contact employer directly themselves.

¹⁴ This section of the form sets out: the type of vacancy (vacancy, public or temporary work, disabled person workplace - based 5 percent quota requirement for employment of disabled); employer information (code, name, and individual contact information); name of the Job seeker; job title and profession of the vacancy; whether the Job seeker belongs to a category with additional safeguards to promote employment; information on the compensation to the employer of contribution to be paid on mandatory social insurance (Article 26 and 27 of the Employment Law) and employment of Internally Displaced Persons.

¹⁵ This section of the form sets out: the name, address, phone number of the SES staff member who made the referral; type of vacancy and employer information as set out in footnote 10; name and surname of the referred Job seeker; answer to the referral (referral is accepted and labor contract number; referral accepted subject to grant for the Social Protection of Disabled; referral accepted on condition of vocational training with the contract of employment undertaken on completion of training; postponement of the decision until a specified date; denied as workplace is already occupied; rejection with the reason specified; or employer has referred the Job seeker to another vacancy. Finally it contains the signature of the person completing the form and the date of signature.

¹⁶ The referral "coupon" is a piece of paper, approximately 2 inches square, that records: coupon number; workplace number; visit date and time.

that 336,912 (45.2 percent) were employed within the seven day period. Indeed, and according to qualitative sources,¹⁷ around 50 percent of the clients find a job within the initial period.¹⁸

23. **However, it is unclear that placing job seekers with employers quasi immediately upon them entering in a SES office leads to improved longer term results.** This process can only be deemed effective if unemployed clients are being referred to relevant jobs and remain in employment for a sustained period of time. Currently there is no available data monitoring the quality of jobs. A test model has been introduced by the SES to log how long the client is in the job and when/if they re-register. The interviews and focus groups discussions indicate that the quality of the jobs offered is generally low, and one major complaint by jobseekers is the low level of salaries attached. Indeed, in 2016 25.6 percent of all vacancies that were notified were up to a 2,000 UAH salary level (approximately 76.13 USD), and 51.9 percent were up to 3,000 UAH (approximately 114.2 USD).¹⁹

24. **At the same time, the current approach to counseling would not be feasible if caseloads increase.** First, a separation of the registration and counseling functions may be necessary. In smaller offices the low caseloads makes it logical that personal counselors would undertake both registration and counseling mediation. However, with higher caseloads it may be necessary to consider having registration staff focus on registration and verification of documentation, and leaving mediation to the personal counselor personal counselor. In addition, the SES operates a very open door policy towards all clients, who walk in and can use the phones freely. While this approach is currently manageable, it would put personal counselors under pressure if the number of clients was to rise.

25. **The current system through which employers notify the SES that they reject a candidate may prevent them from stating their true reasons.** It is the jobseeker who must return the referral form where the rejection and the reasons for it are notified in written form to the service; this allows the jobseeker to read what the employer wrote. Personal counselors indeed reported that the box for denied vacancy is often ticked but nothing is written as an explanation as to why the referred client was rejected. In other instances the clients do not return the form. Personal counselors (job placement) therefore need to follow-up with a phone call and then record the reason for rejection in the UIAS system.

26.

3.2 Employment promotion sector

¹⁷ Meeting with the SES on the 25th of April.

¹⁸ Figures do appear to vary considerably, the Chernigiv City Employment Office reporting that between 10-20 percent of job-seekers are referred to interviews during this seven day period.

¹⁹ In 2016, out of the 36,044 notified vacancies: 5.9 percent were at the minimum salary level; 19.7 percent between the minimum salary level and 2,000 UAH; 26.3 percent between 2,000-3,000 UAH; 27.2 percent between 3,000 and 4,000 UAH; 10.2 percent between 4,000 - 5,000 UAH; 7.7 percent 5,000 – 7,000 UAH; 2.2 percent between 7,000 - 10,000 UAH; and 0.4 percent between 10,000 – 15,000; and 0.3 percent above 15,000 UAH.

<http://www.dcz.gov.ua/statdatacatalog/document?id=367706>

27. **The employment promotion sector focuses on the mediation process.** More specifically, the functions of this sector include: (1) Assigning unemployed status on the 8th day (registered unemployed); (2) mediation - selection of suitable vacancies, contacting employers to present registered unemployed persons; (3) issuing a referral form for the registered unemployed to attend an interview with the employer; (4) assigning unemployment benefits and making decisions on decreasing or postponing benefit payments; (5) providing information to registered unemployed on SES services, including workshops and ALMPs and selection and referral of selected candidates; and (6) updating the UIAS system with registered unemployed data.

28. **Job seeker support services are coordinated by a personal counselor, with whom clients can have a first meeting almost immediately.** Once randomly assigned, the personal counselor becomes the registered unemployed client's "case manager". The procedures stipulate that the first meeting with the personal counselors should last a minimum of 30 minutes.²⁰ Some Personal counselor however reported spending up to 1 ½ hours with first time registered unemployed, depending on the complexity of the client's situation. Such a long time is allowed by the current low caseload by counselor – also given by the relatively low coverage of job seekers by the SES.

29. **Counselors are first in charge of completing registration and data verification.** When primary registration has already taken place the counselor collects any additional or missing information and documents e.g., related to assigning clients to a quota group.²¹ In these cases counselors reported spending on average 7-10 minutes on data collection/information processing and 20/23 minutes on counseling and motivating clients. The unemployed are required to bring to the first registration meeting education certificates, their labor book and passport/ID for data verification. Counselors also verify whether they have been registered in

²⁰ Procedures for public service and employers specialist employment services (Рекомендації щодо обслуговування населення та роботодавців фахівцями служби зайнятості)

²¹ If an enterprise employs more than 20 employees the Law of Ukraine "On Employment of Population" (No. 5067-VI) establishes a 5 percent quota on the average number of employees in the preceding calendar year in respect of employing certain categories of employees, in particular: one of the parents supports children under 6 years old or without a spouse, raises a child under 14 years old or a disabled child, or without a spouse, supports a child born disabled (regardless of the age) and/or a category 1 disabled person (regardless of the reason for disability); individuals with 10 or less years left before they obtain the right to an aged pension under Article 26 of the Law of Ukraine "On Mandatory State Pension Insurance"; orphans and children deprived of parental support; individuals released from imprisonment or forced medical treatment; young people who have graduated from or terminated their studies in general educational institutions, vocational schools and higher education institutions, mandatory military service or alternative (non-military) service (within six months after completion or termination of such education or service) and who are being employed for the first time; and individuals over 15 years of age who, upon consent of one of their parents or the person replacing their parents, may be employed as an exception. If an employer fails to meet the quota a penalty is imposed for each unsubstantiated refusal to grant employment. The penalty amounts to 2 times the minimum wage applicable at the time of the violation. In addition in accordance with the Law of Ukraine "On Fundamentals of Social Protection of Disabled Individuals" an enterprise is already subject to a 4 percent quota for employment of disabled individuals in the amount. If the enterprise employs between eight and 25 employees the quota is one working place. Enterprises hiring less than eight employees are exempted from such quota

the SES and their status with regards to the Pension Fund and State Fiscal Service.²² During this first meeting the unemployment benefit is automatically calculated by the UIAS system.²³

30. Personal counselors also fulfill other important tasks related to employment promotion. They allocate registered unemployed status to the clients, work with them to define a job-seeking strategy, provide access to measures to improve employability if required, identify with clients suitable vacancies and mediate with employers. As reported by personal counselors participating in the focus groups, they concentrate on motivating, bolstering self-esteem and counseling clients to seek employment. Personal counselors reported going through the process of goal setting and defining the steps that need to be taken. They review with clients their expectations and preferences, and search for vacancy matches based on this information. If there is a match they undertake immediate mediation with employers. If there is agreement, they also arrange an interview. Between visits they will also notify clients of new suitable vacancies, by telephone mainly, or E-mail if this is agreed with the client.

31. During the first meeting with the personal counselor the personal card²⁴ is created. Personal cards can be created for job seekers that are already employed. Data is entered into the UIAS and then a copy is printed and placed in the client's folder. From that point on the information is entered both in the UIAS electronically and handwritten in the personal card (double entry). The paper version of the personal card is then archived until the next visit of the client.²⁵ The registered unemployed person does not get a copy of this card.

32. The clients regularly visit the personal counselors after that first encounter for the follow up on referred actions; the frequency of visits is high. Repeat visits to personal counselors were reported as being between 10-20 minutes. Personal counselors reported seeing a given client 2-3 times a month and also having sufficient time to undertake preparation work between client meetings, usually in the morning or at the end of the day (e.g., reviewing new suitable vacancies, reviewing new calendar of workshops, eligibility for ALMPs, etc).^{26,27} The high frequency of visits is due to personal counselors focusing on referring registered

²² The UIAS uploads data from the Pension Fund monthly on new employees, dismissals, contributions etc.

²³ A separate note on Active Labor Market Programs includes information on the unemployment benefit system.

²⁴ The personal card consists of: Annex 1: Visits to the employment center: record of services provided and agreed recommendations for employment support; Annex 2: Decisions taken by the employment center regarding the registered unemployed; Annex 3: Periods of employment and insurance period of the person, as set out in the labor book; Annex 4: Accrual of the unemployment benefit and payments; Annex 5: Details on vocational training, vocational voucher, and informal vocational training, including confirmation of results; Annex 6: Participation in public works and temporary works.

²⁵ The content of the personal card is governed by the Ministry of Social Policy of Ukraine Order 17.08.2015 No 848 "Approval of the forms of the personal card and annexes thereto, application for granting (renewal) of the unemployed status and referral for employment".

²⁶ A separate note has been produced on ALMPs so we have not focused on this issue within this current note.

²⁷ In Kiev Counsellors (Job Placement) tend to only phone the employers in front of the unemployed client as there are many offices looking at the same vacancies they like to ensure before they refer the client that the vacancy has not been filled

unemployed to immediate actions (e.g. a job interview or a workshop, the next immediate step).

33. **It is still a requirement for clients to report in person every 30 days, with their labor book, to prove that they are still unemployed.** For follow-up purposes job seekers have to report to the employment service at least once every 30 days after initial registration with their labor book to prove they are still unemployed. This period can be extended to 40 days if the client participated in public works or has young children. This practice is an historical legacy that is largely redundant. Through the UIAS linkages to the Pension Fund and State Tax Office the SES staff are able to identify if the unemployed person is legally employed or not. PES in other countries have indeed moved away from it, shifting the focus from the client needing to prove they are still unemployed to the need for them to prove they are actively searching for a job, including being able to do so electronically via websites such as the SES job portal.

34. **There is no individual development plan/social contract for the unemployed client.** Personal counselors reported they discuss job search progress and further steps in these meetings. However, there was recognition among the SES staff that the current approach is piece-meal. During each visit clients are referred to individual and immediate actions such as a job interview or a workshop, but a longer term view of what the registered unemployed person needs to do to become employed is not incorporated. An individual plan would set out a consolidated medium to long term structured strategy for employment, stating the client's ultimate goal and what steps need to be taken to get there.

35.

36. **The unemployed can be deregistered if they refuse a "suitable job" twice.** If the clients refuse two referrals they can be deregistered. Personal counselors stated that they apply these consequences stringently. Deregistration is governed by Article 45 of the Employment Law. Following deregistration the law stipulates that the person can reregister no earlier than 90 calendar days upon deregistration. Such decisions are recorded in Annex 2 of the personal card. Clients can appeal the decision to be deregistered but must provide written documentation showing a reasonable excuse.

37. **Reporting tasks are allowed by caseloads that seem low on paper, although the data on caseloads is not fully clear and visits to officers indicated growing levels.** To date no information has been received on the breakdown of staff by position that would enable the calculation of accurate caseload data. The Division of Social Services Provision referred to past caseloads of 400 clients per personal counselor. This number has been reduced significantly over the last 2 years, which is likely due to the combined effect of the decrease in the unemployment rate and the reshuffling of staff in the SES.²⁸ Accurate workload data is a

²⁸ Data presented in the Joint UNDP/ILO report "Functional Assessment of the State Employment Service in Ukraine", 2016, referred to an average caseload of 62 registered unemployed to each staff member. However, staffing numbers used include all of management staff, staff working with clients, service staff and administration staff. If the average caseload is calculated using only staff working with

precursor for defining whether a Statistical Profiling tool would add value to the current SES business processes or not.

38. The time consuming double entry system of entering information into the UIAS system and the paper copy of the personal card is an inefficient use of personal counselors' time. The main justification for the double entry is the lack of legislation governing electronic signatures, which entails that the unemployed person has to sign Annex 1 of the personal card where they commit to undertake the recommendations agreed upon with the personal counselor. Some staff also mentioned as secondary reason the unreliability of the UIAS system.

39. Land line telephone and in person contact are the main ways of interaction with clients, which is not always the most efficient use of time. The inhibiting factor in using alternative forms of contact, in addition to budget constraints, is the legal requirement for clients to attend the SES in person. The SES is also concerned about the ability to track the performance of the service if alternative forms of contact are used. Currently the UIAS does not send SMS messages (e.g., to alert a client when a new suitable vacancy has been generated), although this is technically possible. In addition, the dedicated SES telephone number that clients could use in Kiev to get up-to-date information on vacancies, etc. is suspended. The use of mobile phones has also been suspended, with personal counselors reporting that they are unable to make telephone calls to mobile phones from SES landlines due to the charge rates, even though most employers give a mobile phone number as contact for vacancies. While it was reported that some regional offices have an external module that undertakes matching and makes automated phone calls such as "a suitable vacancy has been found please come to the SES", this is not widespread.

40. A key strength of the SES is the UIAS centralized database; however, a number of issues were raised during the preparation of the note:²⁹

clients (which may also include staff working with employers), then the average caseload is 62 registered unemployed (ranging from 37 registered unemployed in Donetsk to 93 registered unemployed in Kirovohrad). These numbers are significantly below the 150-220 registered unemployed caseloads referred to by the Personal counselors (Job Placement) interviewed during the preparation of this note. Using Chernigiv City office as an example there were 18 Personal counselors (Job Placement), plus 2 heads of Department. These Personal counselors reported average caseloads of 180 registered unemployed, but also reported seeing approximately 25 clients per day, which would mean each client was visiting at least 3 times a month. Similar numbers were reported in Pechersk District Employment Center. In Kiev it was reported that there were 143 staff members within the Employment Promotion Sector of which 96 were Personal Consultants (Job Placement).²⁸ The client case load was reported as being approximately 220 clients per Personal counselor (Job Placement). Desnianskii District Office, one of the 10 District Offices under Kiev Regional Employment Centre, reported case loads of 103 clients per Personal counselor (Job Placement)²⁸.

²⁹ The system was developed by an external software developer and a tender for the maintenance of the UIAS system is undertaken every year. While the SES has in-house IT specialists their role in the operation of the UIAS system appears to be minimum. The UIAS system allows the SES Head Office to monitor everything, they can see vacancies, monitor workloads, see the number of referrals, who got employed etc. No specific training as such is provided to the staff in how to use UIAS. One of the strengths of the UIAS is that it automatically searches for matches based on new vacancies which are entered every day. The UIAS also has a memo page which provides morning announcements for each Personal Counsellor e.g., most urgent vacancies or fresh vacancies, which clients unemployment benefit

- The ability of the SES to independently utilize the information provided through the UIAS is limited. Currently the UIAS system generates 100 standard reports, and additional data requests require a separate Terms of Reference (TOR) for an external software developer. This limits the ability of the SES to analyze the information provided by the UIAS system.
- The 100 standard reports are focused on quantitative monitoring. The amount of qualitative information is severely limited, which reduces the amount of quality analytical work that can be undertaken. The capacity within the SES to undertake analytical work is limited; as a consequence, the vast majority of the data collected remains unexplored.
- At the time of the consultations³⁰ staff were encountering some technical problems with the UIAS system, of which the central IT and Information Protection Department were aware. These issues (slow or freezing systems, data being entered and then lost in the process of saving) were mainly the result of limited storage capacity in the existing hard drives and delays in the conclusion of the annual maintenance contract.³¹

4.1. **Unlike many other countries that opted to separate the unemployment benefit payment administration system from counseling to the unemployed, in Ukraine these two systems are still heavily intertwined.** To some extent the decision to separate these two functions is driven by workload pressures that are currently not present in the Ukrainian SES given the low caseloads of personal counselors. However, and as already pointed out, as such caseloads increase, it may be necessary or convenient to re-consider the current structure and functions in this area.

3.3 Employers interaction section

4.2. **When clients are vacancy holders (employers), the Dispatcher in the Information Sector will refer them to a personal counselor in the employers interaction sector.** Allocation is random based on the availability of the counselors as shown in the UIAS. The main functions of the employment interaction sector are: (1) Establishing effective interaction with employers; (2) collecting and systematizing vacancies; (3) selecting and representing job seekers who match vacancy's requirements to employers; (4) organizing professional selection of applicants for notified vacancies; (5) organizing ALMPs; (6) analyzing the database on employers who hired staff without SES support and on new employers, and informing them about the advantages of collaborating with SES; (7) interacting with other job placement mediation services; (8) organizing support to business activity and the self-employed; and (9) conducting surveys among employers about labor force demand.

is about to expire, which clients have appointments that day, workshop reminders, new public work or temporary work possibilities etc. If the Personal Consultant was also not informed of the output of the vacancy referral, or the Jobseeker failed to come to the follow-up meeting with the Personal Consultant, there is also a reminder to contact the registered unemployed person.

³⁰ March and April 2017

³¹ The UIAS system should operate with 25 percent free capacity on the server but is currently operating at 1percent. The SES is in the process of purchasing additional hard drive capacity. Concluding contracts over 1 year is prohibited.

43. **Employers can notify vacancies on line, via telephone or in person.** Interestingly, while it is well prescribed how a vacancy should be notified, there is no real prescription for how employers should notify the SES that a vacancy has been filled and most often they appear not to. Staff is able to cross check with the State Registry of Enterprises and Pension Fund whether the position was filled, but inevitably there is some delay involved in this procedure.

44. **The approach adopted by employers to filling notified vacancies is extremely flexible.** Many employers, including those who participated in the focus groups, have a very open approach with regards to how this referral is structured and do not seem to object to being regularly contacted by registration staff or personal counselors mediating for job seekers.³² When employers notify a vacancy they can specify how they would like the SES to contact them with prospective job seekers.

Forms of contact include: mini fairs³³; presentations by employers³⁴; using UIAS filters to short list potential unemployed candidates against vacancy requirements and forwarding C.V.s to employers; referral of all unemployed who meet the vacancy requirements to the employer; referring suitable clients to employers “open hours”, specific times; and employers visiting the SES office and searching the C.V. database. **The SES puts a lot of effort into filling vacancies.** If there are no suitable registered unemployed for a vacancy the SES will contact old clients who fit the requirements, even if they are deregistered, to see if they are currently employed or looking for work. They will also search non SES job portals for suitable candidates.³⁵ There is no legal deadline by which the SES has to fill a vacancy; however, if the vacancy is not filled within

³² Such an unstructured approach to mediation would not be welcomed by employers in many European Public Employment Service (PES) systems.

³³ In Pechersk District Employment Office they organize three mini fairs a week, either in the District office premises or in the municipal employment centre, which has more space. An example was given of a mini fair held in 2016, where the employer had 24 vacancies and 120 people attended a mini fair which lasted 1 ½ hours. At the end of fair 15 job seekers were selected.

³⁴ An example was given in Kiev Regional Employment Centre where 108 potential candidates had attended a presentation from Alpha Bank.

³⁵ Data in the joint UNDP/ILO Research “Functional Assessment of the State Employment Services in Ukraine” shows that in 2015, 716,900 persons were placed into employment through SES referral, including 444,000 registered unemployed (job placement rate of 31 percent). In addition 272,200 Job-seekers without status of registered unemployed were also placed. The average duration of job search through SES was 128 days. Placement rates of job seekers at around 30 percent are high in international comparison and the vacancy filling of almost 80 percent shows also great success. The placement rates of vulnerable groups are also fairly successful. Registered unemployed with additional guarantees and their job placement in 2015 showed: Registered unemployed 31 percent; Registered unemployed with additional guarantees in employment promotion (quota categories) 27.7 percent; One of the parents/guardians who has a dependent child(ren) aged up to six years 16.6 percent; Single parent/guardian who has a dependent child under 14 or a child with disability, or person with disability since childhood and/or category 20 percent; Orphans and children deprived of parental care 28.6 percent; Persons released after serving prison sentences or undergoing compulsory treatment 17.4 percent; Young people who finished or stopped their secondary education 16.7 percent; Young people who graduated or stopped their post- secondary non-tertiary or tertiary education 23.8 percent; Young people released from compulsory military or alternative service 24.6 percent; Persons who have 10 years or less to old-age pension 30.9 percent; Persons with disability in working age 25.8 percent; Participants of ATO 14.9 percent; and IDPs IDPs (total for the period from 1 March 2014 to 31 December 2015) 25 percent.

5 days a vacancy card is completed to help to identify problems, specifying the actions the SES has taken to that date. This includes: Information on the number of suitable registered job seekers; number of referrals for the vacancy and their results; reasons for not-issuing referrals, if there were suitable candidates; and measures proposed to the vacancy holder to fill the vacancy.

45. Although it is a legal requirement for employers to notify all vacancies to the SES, many employers do not fulfill this obligation, or do it in an inaccurate manner. In 2015, the number of registered vacancies reached 875,800, which increased to 919,300 in 2016.³⁶ Employer's negative perceptions of the SES are impacting on the number and quality of vacancies that are notified. Many companies choose not to notify vacancies to the SES, preferring other recruitment methods.³⁷ One reason often given by employers is that job seekers using SES services typically have low skills levels; hence the number and type of vacancies posted on the SES job portal trud.gov.ua are not representative of labor demand. The employers met during the two focus groups held as part of the preparation of this note were all existing clients of the SES and generally held favorable views about the SES. They all referred to significant improvements in the provision of services over the last three years. However, employers feel that job seekers do not meet the requirements of the positions on offer. Many of the unemployed who participated in the focus groups also reported discrepancies' between the vacancy information, including terms and conditions, provided through the SES, and the vacancy that was presented to them by the employers following referrals. The UNDP/ILO joint report states as one of its recommendations that "The vacancy data base needs to be more frequently updated to ensure accuracy of information and to increase customer confidence."

46. There are significant issues with the quality of vacancies notified by the employers. All focus group participants highlighted the low salary levels associated with the majority of the notified vacancies. Similarly, the perception of social partners is that the vacancies offered through the SES are for extremely low salaries, much below the average level. As a result, job seekers are unwilling to apply for these positions.³⁸ SES staff also reported mismatches between the notified vacancies and the registered unemployed characteristics (e.g. in Kiev Oblast Employment Centre it was reported that 80 percent of the registered unemployed have higher education qualifications while the majority of vacancies were for low-skilled or trade workers). Only 2-3 percent of the registered unemployed were reported as having no profession. It was also repeated on several occasions that employers had high requirements but were only willing to offer low salaries.

47. The SES also puts significant effort into identifying additional non-notified vacancies. The SES collects unofficial vacancies in a separate database. In March 2017 there were approximately 32,000 vacancies in this database. The personal consultants check newspapers, other publications, on line web portals, shop windows, etc., where vacancies may be publicized. Once identified the SES contact the employers to promote the services they

³⁶ Date provided by the SES, 21st March 2017. In 2016, 164.8 thousand employers notified 919.3 thousand vacancies of which 881.7 were assigned to be filled by the SES. In 2016, 724.5 vacancies were filled (79 percent of all notified vacancies and 82 percent of those notified to be filled by the SES)

³⁷ SES and World Bank "Skills for a Modern Ukraine" 2017 report.

³⁸ UNDP/ILO "Functional Assessment of the State Employment Services in Ukraine".

provide and to try to include the vacancy in their official database. Even where this is not possible, the SES encourages unemployed clients to apply for these non-notified vacancies.

48. The Employer Interaction Sector appears to be understaffed given the workload of this sector, including the organization of the majority of the ALMPs. There is a need for a workload assessment to ensure that the balance of staffing between the employment promotion and employer interaction sectors is efficient, especially given the low caseload levels in the former.³⁹ In addition, the employment interaction sector may benefit from a clearer division of tasks and functions (e.g., staff to deal specifically with vacancy matching, public works/temporary works and seminars for employers). It was stated on a number of occasions that there are specific issues with recruiting new staff in this sector; it is expected that the new salary level for SES staff, anticipated in May 2017, will help to address this problem.

3.4 Professional orientation

49. Professional orientation⁴⁰ includes occupational information, counseling and guidance services. Occupational information refers to: (1) Information on labor market conditions; (2) current and developing occupational trends; (3) possibilities to obtain an occupation, further qualification and career advancement; and (4) any other information that helps to form the professional interests, intentions and motivation of persons to choose or change their employment status, occupation, qualifications, or job place. Occupational counseling is aimed at optimizing occupational choice, based on personal characteristics, features of life situations, professional interests, dispositions, health and taking into account the labor market needs. Occupational guidance is based on an assessment of the person's compliance with the requirements defined for certain types of activities and occupations.

50. In district SES offices there is a separate Career Guidance Division and 2-3 "Professional Orientation Counselors", based in the Active Support Division. This division is subordinate to the Professional Orientation, Vocational Training and Educational Institutions Divisions in the Regional Employment Centers. In smaller offices professional orientation staff may also be acting as job placement agents or even undertaking work with employers. The time spent with clients varies but can be up to 1-1 ½ hours when tests are undertaken. The preference is to employ already qualified staff, including psychologists, social workers or pedagogues.

51. Job seekers have different forms of accessing professional orientation services. Most job seekers access professional orientation services via their personal counselor. They are also informed about professional orientation services through participation in the general workshop to which all clients are referred ("introduction to the services of the SES"). The first

³⁹ In Chernigiv City Employment Office there were 16 Personal Consultants (interaction with employers) working with 3,500 employers that have at least a Director and 1 employee. It was reported there were 4,500 active employers in the area. In Kiev Pechersk District Employment Centre there were 6 posts for Personal Consultants (interaction with employers) of which only three were filled. In Kiev Regional Employment Centre (which includes Pechersk District Employment Office) there were 5 staff in Regional office and 55 staff in total in the 10 Districts³⁹.

⁴⁰ Professional orientation is covered under Articles 32 and 33 of the Law of Ukraine "On Employment of Population" (No. 5067-VI) 2013.

part of the workshop is a presentation of services and the second part an open questions and answer session (e.g., on benefit payments, legal issues, etc.), which is also attended by specialists from within the SES (e.g. accountants, lawyers). A video version of the first part of the workshop has been developed, and runs in the public areas of the SES where clients can see it while for instance waiting to see their personal counselor. Dispatchers can also direct clients to the professional orientation staff for an individual consultation from the Administration Hall or set up an appointment.

52. **The professional orientation staff is responsible for organizing, and for the most part delivering job seeker workshops.** Staff appears to be highly qualified to both develop and deliver trainings. Staffs from the Regional Employment Centers (RECs) visit the District Offices to supervise the delivery of the training, and there is an evaluation form, which is issued periodically. The SES has established Memorandums of Understanding or specific contracts with other external bodies such as social partners, NGOs, etc. who can also participate and support the delivery of these workshops. These workshops are usually general in nature but there are also some that cover specific client groups such as ATOs, IDPs and young people. All unemployed clients are encouraged to attend workshops. During meetings staff indicated that only approximately 10 percent of clients refuse to attend them. The professional orientation information and job seeker workshops are prepared centrally by the SES, but REC specialists can adapt or add to this material.⁴¹ The SES is regularly developing and adapting these workshops, and undertakes yearly assessments. The schedule of workshops is publicized 2 months in advance. Personal counselors can access the schedule and slot clients into available spaces. Staff delivering the training can enter into the UIAS the names of attendees and make recommendations for next steps, which the personal counselor can see.

53. **Professional orientation is carried out on both an individual and group basis, as required.** The workshops are delivered within the SES offices and in schools, universities and public places such as train/metro stations and libraries, etc. Individual work is focused on information provision and consultations regarding professional selection, which can include psychological on-line testing, or on-line testing to help clients who aim to change their job or occupation. Group work involves specific workshops, open door events, or specific job fairs. For example, the Kiev REC ran a job fair, "Closer to people", in metro and train stations in Kiev for 4-5 days with different employers attending every day.

54. **Professional orientation services delivered in the schools and universities are seen as preventive.** This work is focused on understanding the job market and occupations in demand, in order to assist students to choose an appropriate profession.⁴² A Memorandum of Understanding on cooperation and a Joint Action Plan is finalized every educational year at the

⁴¹ Participation in these workshops is voluntary though it was stated that all clients are encouraged to attend the workshops related to writing a C.V, job search; looking for vacancies through mass media; how to search on-line, interview preparation for employers.

⁴² The SES stated that in 2015 they undertook national research and found that only 3 percent of school graduates contacted the SES to assess whether at the end of the Higher Education they would be ensured of a job in their chosen education. There is also a situation where graduates of vocational schools must prove they are employed before they can receive their diploma. This leads to them being nominally employed for 2 weeks in many cases.

regional level between the SES and the local department for education. In secondary schools, given the age of the children, the SES submits separate proposals. In universities and vocational training institutions there are Centers for Job Placement and Professional Careers acting as the interlocutor with the professional orientation SES staff; these visit the centers to deliver information sessions on the labor market, vacancies and work experience opportunities. Students and parents can also visit the SES offices on an individual basis.

55. **Many good examples of outreach initiatives have been identified in visits.** These include “Youth in Ukraine”, a national program that offers high school students work experience; “City of Professions”, where parents and children can do job tasters in specific trades; Kiev REC job seekers master class in the local universities and within the Municipal Youth Library in Kiev titled “Minimum Mistake, Maximum Output”; professional guidance activities in summer camps during school holidays; or 9th and 10th grade secondary school children visits to vocational schools.

56. **Professional orientation services make use of the available new technologies, although a centralized career guidance website does not exist.** In 2016, for instance, the SES introduced video C.V.s and Skype online interviews to help people in remote areas to find employment. During 2008-2010 a new initiative was launched that placed Career Guidance Terminals in 300 Kiev schools, funded by the Ministry Education and Science and the Ministry of Social Policy. In 2015, these terminals were used by 304,000 children, 52,000 parents and over 36,000 teachers. Unfortunately since that time many terminals have been closed due to lack of both technical staff and funds to fix technical problems, and to problems to keep the information up-to-date. However, there is no centralized career guidance website that provides consolidated information on occupations and skills requirements, only scattered information and services, some also provided by NGOs, international development agencies, etc. This is a gap that has already been identified and is being addressed by the SES.

57. **Professional orientation seems to be under pressure in terms of the limited number of staff and the heavy workload.** Staff reported being burned out. Over a previous period of high unemployment and high personal counselor caseloads, staff was reallocated from professional orientation to employment promotion. Now that the caseload numbers have been reduced there appears to be a staffing imbalance that will need to be addressed. However, a proper and detailed assessment needs to be conducted in order to determine the actual needs. **The material used in the professional orientation functions could be updated more regularly and better reflect developments in the labor market.** In part this gap is due to weaknesses in the National classification of occupations DK 003:2010,⁴³ which is not under the responsibility of the SES. SES stated that while the DK 003:2010 is harmonized with the International Standard Classification of Occupations (ISCO-88), it lacks meaningful information or descriptions on the qualitative aspects of the occupations and information on the skills required to carry out the job (DK provides only a short description based on the required level of formal education). The level of aggregation of some professions and disaggregation of

⁴³ National classification of occupations DK 003:2010, approved by Order of State Committee of Ukraine for Technical Regulation and Consumer Policy at Yule 28, 2010 #327 <http://zakon3.rada.gov.ua/rada/show/va327609-10>

others is also problematic.⁴⁴ The weak Ukrainian labor market information system has led to the overreliance on vacancy information to determine labor market demand. The need to upgrade the labor market information system, including for better data collection, is already an issue highlighted and under discussion with the World Bank.

4. Are SESs targeting the population that needs them the most?

4.1 Services to jobseekers

4.1.1 The profile of the registered unemployed

58. **Most of the registered unemployed appear to be in the system only for the benefits.** Data show that four out of five registered unemployed receive unemployment benefits. This indicates that once the unemployment benefit has expired, the unemployed tend to deregister from the SES; it also confirms the limited coverage of the SES. Based on data received from the SES, in 2016 79 percent of all registered unemployed received unemployment benefits.⁴⁵ In Kiev the percentage is 84 percent. While no official data is available, it has been reported that the SES only covers between 1/3 and 1/5 of the total number of unemployed in Ukraine. It is also important to understand the breakdown of the remaining 21 percent of clients and the extent to which, as stated by the SES, they are predominantly social assistance beneficiaries or people eligible for subsidies for utilities (i.e., low income individuals).⁴⁶

59. **De-registering once the unemployment benefit expires could be one of the reasons why the number of registered Long Term Unemployed (LTU) is low.** The national average period of unemployment was reported to be 5 months, although no official data had been received at the time of writing this note. Based on qualitative information⁴⁷ the number of LTU registered at the SES was 6-7 percent.⁴⁸ At the end of December 2016 out of the 390,787 people that were registered unemployed as many as 43.2 percent had been registered for less than 2 months and only 2.7 percent had been registered for over one year. Most of the LTU were reported as falling into quota groups or approaching pensionable age. Work with these clients is kept to a minimum, with limited job referrals. SES staff sees this LTU group of clients as unmotivated and are reluctant to refer them to employers in order to prevent them from

⁴⁴ The implementation of the National Qualifications Framework (NQF), approved by the Cabinet of Ministers of Ukraine in 2011, and the NQF Action Plan, was set to address these issues but these reforms appear stalled. The work of the sector skills councils (chemical industry, energy generation, coal mining and agricultural mechanical engineering), under the Institute of Professional Qualifications, established by the Federation of Employers, who ensure occupational standards are shared between the employers, have only developed a few occupational standards to date.

⁴⁵ In 2016 there were 1,270,447 registered unemployed of which 1,002,155 were receiving unemployment benefits.

⁴⁶ To receive the social assistance benefit for low-income families, a family needs to declare their income (excluding housing subsidies and alimonies) and the property of the family members. The benefit is not payable if the family purchased goods or services at a price higher than ten times the subsistence minimum during the 12 months prior to the application, if they own second residences within certain areas, or if they own more than one car. Also, the benefit can be reduced by up to 50 percent if the family does not fully use its capacity to obtain additional sources of livelihood. The benefit is not provided to able-bodied persons who do not work (except for unemployed persons registered at the SES), do not serve in the army, or are not in full-time education for three months prior to application.

⁴⁷ According to statements by SES staff in a meeting on April 25th, 2017

negatively affecting the employer's image of the SES. However, and presumably, this is the group that would need the SES assistance the most.

4.1.2 Intensity of SES and distance to labor market

60. **The Ukrainian SES operates differently from other PES, offering more support and time to those job seekers who need it less.** PES services' structure tends to follow an inverted pyramid model. In this model, support for those closest to the labor market is focused on self-help services (personalized web services and tools including job and career portals, E-mail support etc.); for those more distant from the labor market partially staff-assisted services are provided including group work and short term counseling, etc.; and for those furthest from the labor market the focus is on individual case managed services such as intensive individual counseling, mentoring, etc. In the Ukrainian SES, however, there is no such division of services and the frequency of contact was repeatedly stated as being dependent on the number of interview referrals that could be made at any one visit and the level of motivation of the client to find a job; therefore, the closer the unemployed person is to the labor market, the more frequent the interaction with the personal counselor appears to be.

4.1.3 Activation

61. **The emphasis placed on activation within the SES is limited.** Modern PESs use a wide range of approaches to activate their unemployed clients, including working effectively in partnership with other agencies and bodies; using individualized/personalized approaches to individuals; diversifying the services provided to different categories of clients; profiling clients more effectively; and introducing active and preventive labor market measures early in the period of unemployment. These approaches are however limited in the Ukrainian SES. While the law (Article 44) of the Employment Law states that the registered unemployed are obliged to actively seek work, independently or with the support of the SES, in practice this only entails complying with SES processes.⁴⁹ There is therefore no legal obligation to report on independent job search but only to demonstrate unemployment for the purpose of continuing collecting the benefits.

4.1.4 Specialization

62. **Personal counselors are not specialized by client groups.** Given the focus on mediation and the non-differentiated nature of SES services, including ALMPs, this lack of specialization is logical. The Kharkiv Regional Employment Centre is the only SES where specialization exists.⁵⁰ In addition, there is generally specialization with regards to people with disabilities, as most usually the Deputy Head of the Department has received special training

⁴⁹ Obligations are limited to the need to participate in the competitive selection process arranged by the employers; attending the SES where they are registered unemployed, at a time specified and agreed upon with them, however at least once per thirty calendar days; complying with the written individual recommendations regarding promotion of employment; and notifying the SES within three business days, of the circumstances of deregistration. Responsibility for accuracy of data and documents submitted to the SES rests with the unemployed person.

⁵⁰ The reason for the specialization in Kharkiv was stated as the size of the office, 300 staff, including 90 consultants. In Kharkiv the Personal Counsellor (interaction with employers) are also specialized and work in pairs with the Personal Counsellors (job placement).

through a UNDP project, and SES workstations are adapted. There is also a person dedicated for IDPs and ATOs in most offices; however it was stressed during interviews that not all IDPs/ATOs are referred to these specialists.

63. **The provision of professional orientation services is open to a wide range of individuals.** These include those already employed as well as school and university students; however the main category of clients for professional orientation are the unemployed, young people (school children and university students) and quota groups.⁵¹ Almost 100 percent of all SES unemployed clients access some level of professional orientation service. There is no limit to the number of services or the length of time for access. If a person is unemployed for more than 6 months they are encouraged to change their occupation, and if they are unemployed for over 1 year they are encouraged to improve their qualifications.

4.1.5 The suitability of jobs

64. **The general perception is that SESs most often do not offer suitable jobs to the jobseekers.** The law states that the individual is entitled to assistance from the SES to find a “suitable job”, which entails that the position is associated with at least the same salary level (salary, bonuses and extras) as in the previous employment or the average salary in the region. However employers often offer vacancies near the minimum wage (3,200 UAH), or even below it that do not meet these minimum requirements.⁵² Some of the registered unemployed are receiving unemployment benefits that are twice the minimum wage (6,400 UAH), which discourages them to look for a job. Vacancies are also usually notified without specifying any bonuses and extras, making it difficult to compare the previous salary with the one advertised on the vacancy notification. The staff felt that these inconsistencies were well known and had been reported without results.

4.2 Services to employers

65. **There have been a number of recent reforms to make the services to employers more client-oriented.** Personal counselors have been recently introduced to act as “case managers” for employers; before that employers were dealing with different staff depending on the specific topic of the contact. In February 2017 the vacancy notification form (3-PN) was

⁵¹ As stipulated in the Procedure of occupational guidance provision by SES’s territorial bodies, approved by Order of the Ministry of Social Policy of Ukraine at January 03, 2013 (<http://zakon3.rada.gov.ua/laws/show/z0131-13/paran14#n14>), occupational guidance services are available to all persons who applied to SES, regardless of their age, sex, race, status in the labor market, social status, etc⁵². The Procedure also stipulates that professional orientation services are also provided to any group of persons in need of professional orientation on written request of their representatives. The Action plan on implementation of the “Concept of the state system of occupational guidance of population”, approved by Resolution of the Cabinet of Ministers of Ukraine at January 27, 2010 # 150-p (<http://zakon.rada.gov.ua/go/150-2010-%D1%80>), also states that the main priority groups for occupational guidance services are: disabled; young people who are not working and not studying (including graduates of schools); persons over 45 years of age; persons who are serving prison sentences; unemployed; and dismissed workers.

⁵² In August 2016 the Ministry of Social Policy of Ukraine estimated the actual subsistence minimum for working able individuals at 3156 UAH (<https://voxukraine.org/2016/11/25/minimal-wage-en/>)

modified, in order to reduce bureaucracy and the time required to make a vacancy notification. However, personal consultants are not specialized by sector or occupations, with the exception of the Kharkiv Regional Employment Centre. It may be useful to examine the effectiveness of the Kharkiv Counselor specialization and the impact this has on developing stronger partnerships and more effective communication with employers and the applicability of extending this model to other Oblast Employment Centers.

66. **There is evidence that the SES is being proactive in building relationships with employers.** Directors, Deputy Directors and Heads of Departments are actively engaged in contacting employers to promote the services of the SES. This includes telephone calls, E-mails and information sheets (e.g., to invite them to attend seminars). Also, through the State Registry of Enterprises they can identify and contact new start-ups shortly after the new companies have been formed, to promote the services of the SES to them. However, there does not appear to be any planned schedule of routine visits to existing employers. The SES reported visits to employers were on a needs basis (i.e. based on problems that had arisen such as layoffs). Increasing the frequency of contact and the level of understanding that personal counselors have of the employer's skill needs and their general business situation can only have a positive impact on their ability to place unemployed people. Although the Law establishes the legal basis for the cooperation of private employment agencies and the SES Service, this is not happening in practice.

67. **The legislation only covers vacancies for staff positions, making it difficult to use vacancy data to reflect real demand in the labor market.** Many forms of employment, specifically contract work, are not considered under the legislation as vacancies, so employers are not obliged to notify them, although some do. Sub-contractual agreements are governed by the Civil Code of Ukraine and therefore do not need to be notified.⁵³ This makes it difficult to use vacancy data to reflect real demand in the labor market. To address this, an extension to the UIAS was developed in 2016 to allow these types of civil contracts to be logged. Public entities are also required to report their vacancies to the SES, but the SES only refers unemployed clients to application for the civil service concourses. All public sector vacancies are also notified in the State Authority Public Administration website.

5. Statistical profiling

5.1 Introduction to profiling: What is it?

68. **Profiling is as a diagnostic tool to enable PESs to segment newly registered heterogeneous job seekers into specific groups, based on unemployment risks.** This process enables different types and levels of services and measures to be targeted towards individual profiles. Profiling models are diverse in terms of their format, purpose and use, each developed to suit the specificities of the PES and labor market in which they were designed to function.

⁵³ Within Ukraine there are two groups of employment relationships: (1) labour employment agreements governed by the Labour Code of Ukraine; or (2) sub-contractual agreements governed by the Civil Code of Ukraine. Sub-contractual agreements typically contemplate hiring a worker to complete a specific task, work or service at his or her own risk (i.e., free lance workers). As elsewhere in the world, the sub-contractor maintains relative independence in performing the designated task and typically receives payment upon completion of services.

However, all profiling systems have been developed to address one or more of the following objectives: (1) To segment clients based on unemployment risk; (2) to assist case workers (personal counselors) better define needs, target and sequence services and measures (based on the profile), which are usually defined in an action plan; (3) to provide input into the budget planning process and specific fiscal allocations for services and measures; (4) to enrich labor market statistics; or (5) to facilitate the process of mediation and job placement.

69. **Statistical profiling (StAP) uses quantitative statistical data collected by the PESs and econometric analysis to predict the likelihood of becoming (un) employed.** The advantages of StAP, as a profiling model is that it:⁵⁴ (1) Provides objective and standardized assessments of job seekers and reemployment prospects; (2) identifies high-risk job seekers early on to quickly activate preventative policies; (3) filters out the low-risk job seekers to optimize the use of public resources; (4) generates a person-specific risk score that can deepen the individualized assessment of each job seeker; and (5) provides policy makers with the discretion and flexibility to adjust policy objectives based on the alteration of the unemployment risk cut off point.

5.2 Opportunities for implementing statistical profiling in Ukraine

70. **The existing pressure on fiscal budgets leads to demands to increase efficiency in Ukraine.** In 2015, the planned resources for ALMPs represented 6.4 percent of the overall SES planned budget. This declined to 5.6 percent in 2016 and to 4.6 percent in 2017. The actual expenditure on ALMPs in 2015 represented 5.6 percent of total SES actual expenditure.⁵⁵ These percentages are small in international comparison. Profiling provides an opportunity to better target limited ALMPs resources to those registered unemployed who are furthest from the labor market. Early intervention to prevent longer-term unemployment will also increase the likelihood of early employment, minimizing the period of access to unemployment benefits. Profiling also entails a better use of staff resources, as it requires staff to focus their time on clients who need their support the most, impacting on caseloads and counseling time.

71. **Currently the differentiation of services between registered unemployed is minimal.** All registered unemployed have access to their personal counselor at least once every 30 days, although frequencies of 2/3 times a month were reported during the focus groups and meetings held during the preparation of this note. In addition the majority of unemployed (1,214,767 in 2016 out of a total of registered unemployed of 1,270,447) accessed occupational guidance services. The majority of registered unemployed are also offered participation in public works.

72. **The UIAS appears to collect all quantitative job seeker information that would typically be needed to support the implementation of a StAP UIAS (MIS).** A profiling system is only as effective as its data collecting and processing capacity, as the quality of the data affects the predictive accuracy of the statistical model. The cost-effectiveness of StAP models

⁵⁴ "Profiling the Unemployed: A Review of OECD Experiences and Implications for Emerging Economies", Artan Loxha and Matteo Morgandi (August 2014)

⁵⁵ Data is not currently available for actual spend in 2016.

also depends to a large extent on the quantity and quality of the available data.⁵⁶ It is currently envisaged that a StAP model could be incorporated into the existing UIAS system. However and as already described, the ability of the SES to internally process data from the UIAS system is limited. Accessing the data in raw format to enable the StAP to be developed may have additional costs.

73. An additional strength of the system in Ukraine is the availability of highly qualified staff for the implementation of statistical profiling. While data on the level of education and length of service of SES staff was not provided during the preparation of this note, the conclusion drawn from the interviews and focus groups held as part of the preparation process is that most of them are highly educated and experienced.

5.3 Constraints to implementing statistical profiling in Ukraine

74. The low level of caseloads in the SES reduces the justification for the development of a profiling tool to some extent. High caseload levels are one of the predominant driving forces for the introduction of profiling models in PESs. While accurate data on client caseloads is not currently available, and based on discussions held during the preparation of this note, caseloads appear to be approximately 200 registered unemployed per personal counselor, which is a low rate by international standards.

75. The number of registered unemployed becoming LTU is also small. In many countries the increase in LTU was also one of the driving forces for the introduction of profiling models, in order to implement interventions against long-term unemployment as early as possible. At the end of December 2016, 390,787 people were registered unemployed in Ukraine; of this number only 2.7 percent were registered as unemployed for over one year and 75.4 percent were registered unemployed for six months or less. This has implications for the design of the StAP and the specific cut off risk thresholds.

76. In addition the vast majority of registered unemployed are registered in order to receive unemployment benefits. In designing the StAP it is important to understand the extent to which once the unemployment benefit entitlement ends, unemployed people are remaining on the register or not, and the profile of those registered who do not claim unemployment benefits (i.e., what is their motivation for registration).

Any StAP model would need to comply with the existing restrictions on the frequency and forms of contacts. Legally the registered unemployed must attend the SES in person at least once every 30 days. The system would need to adjust to this requirement unless the law is changed. In addition the forms of contact that are currently possible remain limited. As

⁵⁶ The Profiling the Unemployed: A Review of OECD Experiences and Implications for Emerging Economies”, Artan Loxha and Matteo Morgandi (August 2014)2014 report stated that “Cost-benefit considerations. Where LTU is not a major issue, an investment in advanced information architecture may not be justified from a cost-benefit perspective. Illustrating the point are the contrasting responses to the financial crisis by Ireland (adopting a statistical system because of more-severe LTU) and the United Kingdom (resisting statistical profiling because of a relatively modest LTU increase). Notably, a low-LTU scenario may not support the development of sufficiently predictive statistical instruments given the relatively small sample size”.

described in this note the predominant form of contact is walk-in, followed by telephone. The use of E-mail was reported as being limited, mobile use restricted, and SMS not available. In particular, the number and quality of self-service on-line support, to which the low-risk profile group would be directed, would be a further constraint. Internationally PESs have recognized that some of the unemployed (e.g., young people) prefer to communicate and access services directly on-line. As a result they have expanded the number and quality of services available on-line and made E-services more accessible.⁵⁷ This has increased user's satisfaction and the efficiency of business processes, while contributing to reducing the caseloads of counselors.

77. **The limited availability of qualitative data is also an issue.** As stated above the profiling system is only as effective as its data collecting and processing capacity, as the quality of the data affects the predictive accuracy of the statistical model. This quantitative data needs to be supplemented with qualitative assessments by the caseworker on issues such as the level of motivation to find employment and any additional limitations that the clients may face, personality traits, or work ethics, etc. Currently the collection of this qualitative information appears to be limited. The job placement referral process is also inadequate, and is based on a form given by the personal counselor to the jobseeker.

78. **The level of monitoring and evaluation that is undertaken is limited.** Profiling tools give rise to the need for better evaluation of the effectiveness of programs designed to activate different types of clients. There is no detailed understanding of the impact that measures have on employment outcomes. It is currently unclear that placing job seekers with employers, including quasi immediately upon them entering in a SES offices, leads to improved longer term results. There is no available data monitoring the quality of jobs. A test model has been introduced by the SES to log how long the client is in the job and when/if they re-register. Once data is available it will be important to review whether job mediation at registration should continue as a practice or not and if so for which profile group.

5.4 Developing a statistical profiling model in Ukraine

79. **StAP would allow a more individualized approach to employment support.** In addition, it would entail more standardized access to services and measures across Oblasts, and a more efficient use of staffing resources. However, more work would need to be done on monitoring and evaluation of ALMPs before determining the extent to which a StAP model could be used to better target access to ALMPs. Given the current profile of registered unemployed - 75.4 percent finding employment within six months - the StAP would need to accurately predict the probability of remaining on the register after six months or less to be of value (similar to the Swedish model).

80. **The model would need to draw heavily on the caseworker's qualitative assessment of the registered unemployed.** This would include the rationale for registering with the SES, their real motivation to find employment, and additional limitations that the clients may face,

⁵⁷ This includes the possibility for the active unemployed to apply for job vacancies online with automatic notifications being sent to their caseworker; to view agreed client/caseworker actions on line; to undertake communications with caseworkers; to hold electronic copies of individual development plans; and to be notified of their participation in ALMPs.

personality traits or work ethics, level of motivation, professional experience and barriers to work.

81. The StAP would need to be incorporated into the registration process, ideally at the commencement of the initial seven day period. That would allow for the division of job seekers into a minimum of two groups: High risk of unemployment after six months and low risk of unemployment after six months. Before determining whether both groups would be offered job placement during the initial seven day period, it is important to analyze job seeker data to assess whether specific characteristics or factors determine job placement in that period. This would include an analysis of the employer's reasons for not offering a job placement.

82. For the high risk group, preventative measures before longer term unemployment occurs would be required. Depending on the outcome of the additional analysis of job seeker data outlined above, this group (or part of it) may not be immediately referred for job placement where there is a vacancy match within the initial seven day period. The time allocated to registration could be extended in order to better understand the specificities of the individual jobseeker and their current level of motivation and limitations to finding employment. The outcome of the more detailed assessment could be a form of individual development plan/social contract that detailed a road map to support the process of finding employment.

83. These clients would be prioritized in access to ALMPs and would have more frequent contact with counselors. The level of advocacy undertaken by the personal counselors (job placement) with employers on behalf of the job seeker could be increased, e.g., promoting the possibility of support through the employer compensation USC or support for vocational training. These jobseekers could also be prioritized for referral to public works programs and internships, and in access to more intensive activation and job search workshops. In addition, they would have more regular contact with their personal counselor (e.g., 2/3 times a month). The focus of these regular individually tailored contacts could be on counseling and building motivation, guided active job search, preparation for interviews, etc.

84. The focus with regards to the low risk group would be on mediation and ensuring independent active job search. The registration process could be undertaken as it currently is, but with less time allocated to these individuals than to those from high risk groups. The focus would continue to be on mediation from the initial contact with the SES. More support would be given by the personal counselor to ensure that the job seeker is undertaking and reporting on active job search. There could be less intensive contact, e.g. limited to once every 30 days on the condition that the job seeker would not need to come in person to pick up the referral form for job placements. Access to ALMPs would be limited. After a period of unemployment, e.g. 3 or 6 months, the person would be reallocated to the high risk category.