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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX IV**

to the Commission Implementing Decision on the financing of the annual action plan in favour of Bosnia and Herzegovina for 2024

**Action Document for Support to Youth Employment in Bosnia and Herzegovina**

**ANNUAL ACTION PLAN**

This document constitutes the annual work program in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 9 of IPA III Regulation and Article 23 of NDICI - Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>Title</b>	Support to Youth Employment in Bosnia and Herzegovina
<b>OPSYS</b>	ACT-62385
<b>ABAC</b>	JAD.1354682
<b>Basic Act</b>	Financed under the Instrument for Pre-accession Assistance (IPA III)
<b>Economic and Investment Plan (EIP)</b>	Yes
<b>EIP Flagship</b>	Yes Priorities: "Human Development (incl. human capital and youth)" Flagships: "X Youth Guarantee" (100%)
<b>Team Europe</b>	No
<b>Beneficiary of the action</b>	The action shall be carried out in Bosnia and Herzegovina
<b>Programming document</b>	IPA III Programming Framework
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>Window and thematic priority</b>	Window 4: Competitiveness and inclusive growth Thematic Priority 4.1.: Education, employment, social protection and inclusion policies, and health (100%)
<b>Sustainable Development Goals (SDGs)</b>	Main SDG: SDG 8 – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Other significant SDGs:

	SDG 4 Quality Education SDG 5 Gender Equality SDG 10 Reduced Inequalities			
<b>DAC code(s)</b>	Main DAC code – 16020 - Employment creation (100%)			
<b>Main Delivery Channel</b>	Bilateral			
<b>Targets</b>	<input type="checkbox"/> Climate <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity			
<b>Markers (from DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to the environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, newborn and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	EIP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	EIP Flagship	YES <input checked="" type="checkbox"/>		NO <input type="checkbox"/>
	Tags:	YES		NO
Transport	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
Energy	<input type="checkbox"/>		<input checked="" type="checkbox"/>	

Environment and climate resilience	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Digital	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Economic development (incl. private sector, trade and macroeconomic support)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Human Development (incl. human capital and youth)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Health resilience	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Migration and mobility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Agriculture, food security and rural development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Rule of law, governance and public administration reform	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Digitalisation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tags	<b>YES</b>	<b>NO</b>	
digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital entrepreneurship	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Connectivity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tags	<b>YES</b>	<b>NO</b>	
digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
education and research	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COVID-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**BUDGET INFORMATION**

<b>Amounts concerned</b>	Budget line: 15.020201 Total estimated cost: EUR 3 000 000 Total amount of EU budget contribution: EUR 3 000 000
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**MANAGEMENT AND IMPLEMENTATION**

<b>Implementation modalities (management mode and delivery methods)</b>	<b>Indirect management</b> with entrusted entity to be selected in line with the criteria set out in section 4.3.1
<b>Final Date for conclusion of Financing Agreement</b>	At the latest by 31 December 2025
<b>Final date for concluding contribution / delegation agreements, procurement and grant contracts</b>	3 years following the date of conclusion of the financing agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
<b>Indicative [operational implementation] period</b>	72 months following the conclusion of the Financing Agreement
<b>Final date for implementing the Financing Agreement</b>	12 years following the conclusion of the Financing Agreement

## 1.2. Summary of the Action

The **overall objective** of the proposed Action is to improve functioning of the labour market for youth entrants and employees in Bosnia and Herzegovina's which is consistent with IPA III objective to strengthen economic and social development, including through education, competitiveness, research and innovation, social inclusion, industrial and employment policies. The **specific objective** of the Action is that young people progress into the labour market.

The proposed Action will by focusing on improving the status of young people contribute to the objectives of the Thematic Priority 1: *Education, employment, social protection and inclusion policies and health* of the Window 4: *Competitiveness and inclusive growth*.

The proposed Action is in line with the Economic and Investment Plan flagship 10 Youth Guarantee in intending to ensure that all young people receive a good quality offer of employment, continued education, apprenticeship or traineeship within a period of four months of becoming unemployed or leaving formal education.

This Action will support public institutions of Bosnia and Herzegovina in improving the employment of young people. It will invest in development of public employment system that will target youth inside and outside of the institutional reach (NEET) through pilot initiatives. Further, the Action will support the smooth transition from school to work, through implementing a Youth Guarantee scheme for young people, neither in employment, nor in education or training, and will result in increased employment rate for young women and men. By supporting Bosnia and Herzegovina's in addressing the challenge of youth employment and promotion of human capital and skills, the proposed activities contribute to integration of youth issues in sustainable development processes. This is in line with the UN Sustainable Development Goals, in particular goal no. 8 promoting sustainable economic growth, full and productive employment and decent work for all, but also with the goal no. 5 targeting gender equality and empowering all women and girls.

Bosnia and Herzegovina is also a beneficiary in the EU Strategy for Adriatic and Ionian Region. The Action is supporting the principles of Pillar 4, Sustainable Tourism, particularly regarding flagship Education, training and skills curricula development for smart destination management for tourism businesses and stakeholders, providing sustainable destinations and new jobs.

### **1.3 Beneficiary of the Action**

The action shall be carried out in Bosnia and Herzegovina. The Ministry of Civil Affairs of Bosnia and Herzegovina's (MCA) is responsible for carrying out the tasks and duties, which fall within the State-level competencies in the areas of labour, employment, education, social protection and pensions and those relating to defining basic principles of coordination of activities, harmonising plans of the entity authorities and defining strategies at international level. The Labour and Employment Agency of Bosnia and Herzegovina is responsible for international employment related obligations in coordination with the Ministry of Civil Affairs, while cooperating with the responsible entity employment institutes in the entities and of the Brčko District of Bosnia and Herzegovina's.

The Ministry of Labour and Social Policy of the Bosnia and Herzegovina's Federation of Bosnia and Herzegovina and the Ministry of Labour and Veteran/ Disability Protection of RS are competent for enacting and implementing legislation, the entity strategies, implementation and monitoring of donors' and IPA projects in the area of labour and employment. In the Bosnia and Herzegovina's Federation of Bosnia and Herzegovina, there are cantonal ministries for labour and social policy. The Republika Srpska has a centralized structure, and the Action Plan for Employment that defines active labour market measures (ALMM) to be implemented in next year is prepared by the Ministry.

The public employment services are organised at entities and Brčko District level, and in the case of the Federation of Bosnia and Herzegovina's further decentralised at cantonal level. The Bosnia and Herzegovina's Federation of Bosnia and Herzegovina's Employment Institute coordinates the activity of cantonal Public Employment Services and local offices. The RS Employment Institute coordinates the activities of regional and local offices. The employment institutes at entity level are involved in the overall coordination and methodological development, while local offices are mainly responsible for implementing active and passive labour market measures. The Brčko District has an employment institute and a local employment office in place. Public employment services (PES) in Bosnia and Herzegovina operate through a network of 139 offices (64 in RS, 57 bureaus and 6 branch offices, 74 in Federation of Bosnia and Herzegovina and 1 in Brčko District).

## **2. RATIONALE**

### **2.1. Context**

**In the 2023 Communication on EU Enlargement** policy, it is stated that Bosnia and Herzegovina () is in the early stages of preparation in terms of readiness and ability to assume the obligations of EU membership, and the Council of Ministers of Bosnia and Herzegovina has not taken the necessary steps in the previous period related to harmonising regulations with the EU acquis.

Socio-economic reforms must be implemented to help solve the existing structural weaknesses of the economy, low competitiveness, high unemployment, as well as the impact of the pandemic, which further increased the importance of their implementation. The main goal of policies in Bosnia and Herzegovina is the implementation of a series of measures to solve structural problems in sectors, that is, to solve the problem of high unemployment, problems with skills and education policies. Through all the documents, common

elements can be found in terms of improving the socio-economic recovery of Bosnia and Herzegovina and the well-being of its citizens. Further implementation of active labour market measures focusing on youth, women and hard-to-employ categories and focusing on solving social and equality issues in the country will contribute to an inclusive economy that benefits all residents, as highlighted in the priorities of the European Commission for 2019-2024 (The von der Leyen Commission's priorities for 2019-2024, Briefing, p. 3 Implementing the social pillar and promoting equality).

In the **Bosnia and Herzegovina 2023 Report**<sup>1</sup>, in order to support long-term growth, Bosnia and Herzegovina should especially:

- introduce socio-economic reforms to address structural weaknesses, including low competitiveness and high unemployment;
- develop and adopt entity-level and country-wide employment strategies as a policy framework, while providing for additional capacity for implementation and monitoring;
- finalise and adopt the Youth Guarantee implementation plan in line with the EU model and guidance
- improve the quality of education and training, especially speed up the modernization of curricula in order to better align with the needs of the labour market;
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- Introduce a uniform minimum level of rights and protection during maternity leave, starting with harmonising the definitions of maternity, paternity and parental leave.

The **EU-Bosnia and Herzegovina Subcommittee on Innovation, Information Society and Social Policy** (4th and 5th cycle, 2020 and 2021) and the Conclusions of the 5th SAA Committee (November 2020) gave, among other things, recommendations by which the EU asks Bosnia and Herzegovina to undertake the necessary activities to ensure:

- better integration of vulnerable groups into the labour market;
- improve its procedures for monitoring and evaluating employment programmes, including data collection;
- further strengthen the capacities of public employment services, enabling the continuation of an efficient transition to client-oriented support, i.e., unemployed persons seeking employment, including further development of counselling services, mediation and employment programmes;
- The EU encourages Bosnia and Herzegovina to complete the process of relieving public employment services of administrative tasks related to health insurance and other social benefits for the registered unemployed, where this has not been completed;
- Adopt an employment strategy at the Federation of Bosnia and Herzegovina level and a countrywide employment strategy;
- Develop and adopt a countrywide employment strategy as a policy framework;
- Provide additional capacities for the implementation and monitoring of strategic priorities and employment policies;
- The EU encourages Bosnia and Herzegovina to establish an inter-ministerial working group that includes relevant ministries, their agencies and interested parties for the development of the Youth Guarantee Implementation Plan in accordance with the EU model and guidelines;
- The EU encourages the authorities in Bosnia and Herzegovina to work with social partners to improve and ensure effective social dialogue throughout the country, especially in matters of employment and training.

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<sup>1</sup> [https://neighbourhood-enlargement.ec.europa.eu/bosnia-and-herzegovina-report-2023\\_en](https://neighbourhood-enlargement.ec.europa.eu/bosnia-and-herzegovina-report-2023_en)

**Bosnia and Herzegovina's Economic Reform Programme 2023-2025 ( ERP) adopted in March 2023** highlights as necessary to strengthen coordination mechanisms in the country with regard to employment policies and to establish an interdepartmental working group that will include relevant ministries, their agencies and interested parties for the development and creation of the Youth Guarantee Implementation Plan, adopt it and start its implementation. ERP measures are aimed at improving (i) employment policy and (ii) providing opportunities to young people, women and vulnerable categories. A significant number of measures related to the creation of new employment opportunities are planned, as well as those that encourage innovative activities of companies and support start-ups and young entrepreneurs, especially in IT, tourism, service sectors and creative industries. As a result, ERP priorities and upcoming measures/action plans are aligned and complement IPA III (TP 1). However, it is important to emphasise that the ERP does not contain enough credible measures across the country to address the main structural economic challenges. They relate to the business environment, informal economy, public enterprises, green and digital transition and unemployment.

The new Growth Plan for the Western Balkans' is aimed to boost the socio-economic convergence with the EU & accelerating EU. The implementation of the Action will also take into full account the priority actions and measures stemming from the Communication on New growth plan for the Western Balkans <sup>2</sup>

**In the Joint Conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey** (from May 24, 2022; eng.), it is emphasised that Bosnia and Herzegovina has a high share of young people who are not in education, employment or training (NEET) due to the mismatch of education, including lifelong training, and labour market needs. It was requested to develop a system for monitoring and forecasting the needs for workers and skills in the labour market in order to facilitate the harmonisation of the education and training system and the provision of retraining and improvement with the needs of the labour market. Significant progress was made with the technical support of the European Union ("Strengthening the capacity of labour market institutions by improving the methodology of labour market research"), in which a unique methodology of labour market research used by the entities and the Brčko District of Bosnia and Herzegovina was harmonised, and on the basis of which the Bosnia and Herzegovina's Agency for Labour and Employment prepares consolidated reports.

There is still no countrywide employment strategy, although the methodology for its creation was developed with the help of technical support from the European Union ("Strengthening the capacity of labour market institutions by improving the methodology of labour market research"). Within the framework of the same project, the 2021-2027 Employment Strategy of the Republika Srpska was developed, which includes the Youth Guarantee, while the Federation of Bosnia and Herzegovina's Employment Strategy did not receive the necessary support in the of Bosnia and Herzegovina's House of Peoples. The Federation of Bosnia and Herzegovina's and the Brčko District of Bosnia and Herzegovina's have adopted a Development Strategy, which technically creates preconditions for the development of a countrywide employment strategy.

Bosnia and Herzegovina participated in bilateral and regional meetings to raise awareness of the Youth Guarantee, in accordance with the commitment it made by signing the Declaration on ensuring sustainable labour market integration of young people. The programme should be implemented in the Western Balkans,

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<sup>2</sup>[https://neighbourhood-enlargement.ec.europa.eu/2023-communication-new-growth-plan-western-balkans\\_en](https://neighbourhood-enlargement.ec.europa.eu/2023-communication-new-growth-plan-western-balkans_en)

in four phases, in the period from 2021 to 2027. The Bosnia and Herzegovina's Ministry of Civil Affairs received positive opinions and collected nominations from all competent institutions/organizations in Bosnia and Herzegovina. An expert working group was formed and held a preparatory meeting on May 18, 2022, where the Youth Guarantee programme, plans for subsequent activities and deadlines for their implementation were presented. In the coming period, the state should establish coordination mechanisms that include all relevant actors and take concrete steps for the gradual establishment and implementation of the Youth Guarantee scheme by developing implementation mechanisms, i.e., the Guarantee Implementation Plan. These activities are coordinated by the Ministry of Civil Affairs of Bosnia and Herzegovina.

In November 2022, an expert group composed of relevant institutions from different levels of government in Bosnia and Herzegovina decided on the next steps in the development of the Youth Guarantee Implementation Plan for Bosnia and Herzegovina, and the ILO supported development of action plans at the entity level. So far, the first draft of the plans of Brčko District of Bosnia and Herzegovina and the Republika Srpska have been prepared. The development of the plan for Federation of Bosnia and Herzegovina depends on the Decision on the appointment of the coordinator for the Youth Guarantee, without which the process cannot be carried out. There is a determination of all institutions to implement the Youth Guarantee, although the dynamics of preparation differ from level to level.

#### *Relevance and complementarity with EU and other donors' assistance*

Given the number of interventions in the sector that increased during the pandemic, it is important to coordinate donors to ensure synergy of action between EU aid and other donors.

The European Union project "**Strengthening the capacity of labour market institutions by improving the methodology of labour market research**" was completed at the end of December 2022. The project had very significant contributions in the field of improving the labour market through analytical activities. First of all, the state system of labour market research was established, capacities for evaluation of active employment measures were significantly improved, and significant activities related to EURES, creation of entity and countrywide employment strategies were carried out.

The European Union project "Local Employment partnerships – Phase 2" (LEP 2) has been implemented by the International Labour Organization (ILO) in period 1 January 2021 – 31 December 2023. The project has been building on the achievements under the previous project on Local Employment Partnerships and continues to focus on the development of local employment partnerships (LEPs) in order to contribute to better employability in local communities. In close cooperation with local communities and PES, LEP2 is ensuring delivery of institutional development services to LEPs, including ones that improve their advocacy, networking, and employment policy implementation.

The ILO also has launched the "EU4Employment – Job for All" project, in February 2023. The new "EU4Employment" project financed by the European Union with four million euros and Sweden with one million euros will be presented, as well as the expected results and activities, which will be realized in the next three years. The objective of the project is to improve the socio-economic situation and living conditions in Bosnia and Herzegovina with better employment opportunities for vulnerable groups. The project aims to develop and implement innovative employment programmes and contribute to the employment and labour market inclusion of young people, women from rural areas, persons with disabilities, Roma and members of other vulnerable persons in Bosnia and Herzegovina. The project will provide grant schemes and high-quality technical assistance to relevant labour market institutions. It will ensure the improved design and implementation of active labour market policies. Hard-to-employ people will receive training/retraining with the support of companies, educational institutions, NGOs and other relevant organizations. The project will work on innovative activation services in cooperation with centres for social protection and other partners.



Finally, it will also prepare a roadmap for the implementation and monitoring of the strengthened Youth Guarantee.

The World Bank recently completed the "**Employment Support Project in Bosnia and Herzegovina**", the original duration of which was planned for the period 2017-2021, but due to the consequences caused by the COVID-19 pandemic, it was modified in such a way that it was extended until April 2022. The Council of Ministers of Bosnia and Herzegovina and the Presidency of Bosnia and Herzegovina have given their approval for the next phase of the project, the implementation of which will begin effectively on February 9, 2023. The specificity of this project is that the payments will be made for retroactively achieved results on February 8, 2022 and February 8, 2023. The focus of the new phase of the project is on the young and the hard-to-employ categories that have, for example, attained less than secondary education qualifications, those older than 40, etc. The results framework of the World Bank is in accordance with the activities planned under the IPA III - 2021 assistance, and this AD. More specifically, active employment measures should be promoted, and the World Bank's activities related to software solutions focus exclusively on the creation of a job application/portal to facilitate job searching. The proposed activities within these activities relate to the digitization of public employment offices, they will deal with the provision of digital solutions to improve the efficiency and effectiveness of public employment services, which is to some extent related to the implementation of the Youth Guarantee (see Indicative activities). Part of the project will be focused on monitoring and evaluation activities, technical support for the portal, video business development, automatic mediation that already has a unique information system, etc.

The European Union project "**Education for Employment**" provides support to institutions in the field of human resources development, which in the future should be aligned with the real needs of the labour market in Bosnia and Herzegovina. The project helps the competent authorities in Bosnia and Herzegovina in improving the capacity and structure for planning the educational process and the quality of education results. The project addresses the existing shortcomings of the education system by developing modern services of lifelong professional guidance and improving the quality of qualifications in professional and higher education, as well as by strengthening the capacity of human resources at all levels of education. The project provides teacher training and works to strengthen the capacity of educational staff, and develops new study programmes and curricula for teacher faculties based on learning outcomes, which includes modern teaching methodologies and key competencies. In the treatment of cooperation between educational institutions and public employment services, several key topics arise:

- The connection between the education system and the needs of the labour market (research of the labour market and long-term projections necessary for the creation of enrolment policies)
- Career counselling and guidance (in services, in schools or in cooperation)
- Participation of educational institutions in the processes of lifelong learning and professional practices (within the programmes created by the services).

Within the framework of Erasmus+, the EU's programme to support education, training, youth and sport, Bosnia and Herzegovina, alongside Albania, Kosovo<sup>3</sup> and Montenegro, benefits from a ring-fenced support provided by the Instrument for Pre-Accession assistance III (IPA) amounting to EUR 374 million for the 2021-2027 programme period. The programme offers different opportunities for mobility and cooperation projects, which contribute to providing students with labour market relevant skills as well as foster collaboration

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<sup>3</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.

between education and training providers and labour market actors. In particular, the International Credit Mobility action supports students, recent graduates and staff in higher education institutions acquire and enhance key skills, competencies, and employability through short exchange periods abroad for studies, traineeships, teaching or training. Further, the Capacity building in Higher education and Capacity Building in Vocational Education and Training actions aim to improve the quality of the education offer and enhance its relevance for the labour market, including creating mechanisms to involve the private sector both in the design and the delivery of curricula and developing networks and exchanges of good practice.

## **2.2. Problem Analysis**

### Short problem analysis

The economic recovery from the pandemic, as well as the measures that supported it, had a positive impact on the labour market, but structural problems still exist. The number of registered employees was higher by about 3.2% (26,500 people) in the first half of 2022 than a year earlier, while the number of unemployed decreased by 7.3% (29,600 people), which led to a drop in the rate of registered unemployment to 30.8%, compared to 33.2% a year earlier. However, due to the sharp drop in registered unemployed, the registered labour force decreased by about 0.3%, or about 3,100 people. Due to the high share of informal employment, especially in trade and the tourism industry, administrative data only give a partial picture of the dynamics of the labour market in the country. Although the comparability of the Labour Force Survey data over time is limited due to methodological changes, their findings largely support the picture of slowing employment growth and a strong decline in unemployment.

The overall labour force has continued to decline, partly as a result of the ongoing brain drain, with a high proportion of skilled workers leaving for employment opportunities abroad. This has a negative impact on the competitiveness of the country, as well as on its growth potential in the medium term. Reflecting structural problems as well as the shock of COVID-19, youth unemployment (age group 15-24) is particularly high, around 36% in June 2022. The key factors for persistently high unemployment are the lack of adequate employment opportunities in the economy, the mismatch of curricula and programmes and the needs of the labour market and a high tax wedge, especially for people with low income (Bosnia and Herzegovina 2022 Report – 2022 Communication on EU Enlargement policy).

The key challenges of the employment sector are the fulfilment of the criteria of the sectoral approach, in aspects related to the improvement of the coordination mechanism, and the adoption of a countrywide employment strategy. The coordination is primarily aimed at the harmonisation of all levels of government and the preparation and coordination of activities with the competent entity and cantonal bodies. In addition to creating and adopting a countrywide employment strategy, it is necessary to establish a monitoring system based on the Joint Employment Report. In order to realise these basic steps, it is necessary to provide political support for the processes, and after that to encourage the strengthening of institutional capacities and cooperation between line institutions.

The youth population in Bosnia and Herzegovina is particularly threatened due to the weakness of the education system and the employment system, so there is a worrying trend of depopulation in Bosnia and Herzegovina. According to the Labour Force Survey, the young working-age population in 2021 is estimated at 618,200 and is 27.5% higher than in 2017. However, as there were changes in the methodology in 2020, these results should be interpreted with caution. As stated earlier, due to the transition to the continuous implementation of the Labour Force Survey, the previous series of data was interrupted, the results from the continuous Labour Force Survey in 2020 and 2021 are not comparable with the results of the annual surveys conducted from 2006 to 2019. However, they may indicate a trend. When looking at the years 2020 and 2021, when the continuous implementation of the Labour Force Survey was introduced, there is an evident decline in the working-age population aged 15-24, while a slight increase is noticeable in the age group 25-29.

Observed as a whole, i.e., for the age group from 15 to 29, the young working age population recorded a decrease in the period from 2017 to 2019, and then due to a change in methodology, we can observe a sharp increase, and again a falling trend. This movement is correlated with the general reduction of the population due to the drop in the birth rate and increased migration. The decreasing trend is also noticeable for the period 2017 to 2019.

The most significant share of the young working age population is between the ages of 20-24. In the period from 2017 to 2021, there was a decrease/stagnation in the share of young people aged 15 to 19 in the young workforce, a slight drop in the share of young people aged 20 to 24, and an increase in the 25- 29 category. These results partially indicate the visible consequences of the low birth rate, where the influx of labour in the 15-19 age group is decreasing.

One of the indicators that needs to be monitored is the share of youth not in employment, education or training (NEET indicator). For statistical purposes, young people are defined as persons between the ages of 15 and 24. In this context, we can see that in 2021, 19.3% of young people were neither employed nor involved in education and training. Also, from 2017 to 2021, there is a noticeable positive trend in the decrease of young people who are not employed, not in education or not undergoing training, from 25.5% to 19.3%. Observed by gender, there are no significant differences between men and women.

The share of informal employment in total employment is relatively high and is greater than 20% in almost all observed years, except for 2020 when it amounted to 14.3%. Observed by gender, women have a slightly higher rate of informal employment than men. Agricultural activities have a much higher rate of informal employment, greater than 80% in almost all observed years, while in non-agricultural activities it is below 11% and declining. In agricultural activities, the share of informal unemployment is stable during the observed period.

The Expert Group for design of the YG Implementation Plan agreed in November 2022 to proceed with development of three YG Action Plans (for two Entities and District Brcko of Bosnia and Herzegovina) which will be integrated in one YG Implementation Plan respecting the mandates and authorities of institutions at all levels of government. Action Plans for three administrative unites are expected to be developed (and approved) in 2023.

### **2.3. Lessons Learned**

Analyses and projects jointly carried out by the ILO and ETF, and the RCC have shown that NEET as a group is not recognised by public policies. In order to recognise and address it, it is not enough to designate the responsible institution, such as public employment services. In addition to public employment services, it is necessary to include the civil sector, social partners, religious communities and local leaders (mayors of municipalities, presidents of local communities) to find a way to reach young NEETs, who do not seek any services, nor are they registered by institutions. An example of efficient services can be job search clubs outside public employment services, in municipalities, religious communities, youth organisations, etc.

Local communities and youth workers should take a significant role in defining field work strategies, especially in rural areas, in order to enable access and mapping of NEET.

The European Union project "**Strengthening the capacity of labour market institutions by improving the methodology of labour market research**" was completed at the end of December 2022. The project had significant contributions in the field of improving the labour market through analytical activities. First of all, a national labour market research system was established (based on the legal obligation to survey employers),

in such a way that all levels use the same methodologies in the same period of time. In this way, the coordination of the entire system can be established without entering into individual constitutional and legal competences. As a result, entity reports, supported by thematic reports, and a consolidated state report were prepared. With the help of this project, the Republika Srpska conducted labour market research after 11 years, and the BD methodologically joined the research system – it is to be expected that in the coming period it will continue to conduct research independently and not by subcontracting non-governmental organisations. It is particularly significant that the AMTR evaluation and capacity building in this sense have been started. The biggest contribution of the project in synergy with the World Bank is that the importance of evaluation for the improvement of policies is understood and accepted, although there are still no capacities within the institutions to carry out evaluations independently. Regarding the National Employment Strategy, the project created a methodology, which respects the views of all competent institutions, and created an example of what the countrywide strategy could look like.

The World Bank recently completed a project whose original duration was planned for the period 2017-2021, however, due to the consequences caused by the COVID-19 pandemic, it was modified in such a way that it was extended until April 2022. The project demonstrated the ability of public employment services to manage projects of great financial value.

Through the implementation of the European Union project **Education for Employment** the mismatch between education and the labour market was a recurring theme. There is no question that cooperation and coordination are also important for the establishment of a system of financing the development, control and management of institutions and programmes of education and training. The development of professional education and training should lead to an increase in the employability of the workforce, but the question is whether they will lead to the harmonisation of supply and demand, the harmonisation of the education and training system with the needs of the labour market, better access to lifelong learning, especially for vulnerable groups. What is continuously ignored is the unfavourable structure of the economy in Bosnia and Herzegovina, and that for development perspectives it is not enough to harmonise the education system with the needs of the economy, because the structural needs of the economy are very unfavourable. According to labour market research, the greatest need is for lower qualified personnel. An illustrative example is the educational structure employed by employers: only about 6% of the required workers have a university degree or higher, the dominant need is for qualified and highly qualified workers with almost 53% of the total needs, to which should be added almost 25% of people who were employed in jobs for which the level of education was not important, and those with primary school or even no education at all.

However, we cannot ignore that the research results show that young people who come directly from the education system lack the most necessary technical knowledge and job-specific skills, and that this gap can be reduced by better linking educational institutions and employers. Improving the way education is carried out must be a priority of action, especially in the context of the content that young people learn in schools/faculties and the way the content is delivered (lecture quality).

Public employment services have a very important role in providing services, but their reach to groups that are excluded from the system is limited. For this reason, it is very important to use all available functions such as Job Search Clubs in order to provide support to young people, in a way that is acceptable to them, in the sense that the whole process is not burdened by excessive administration. Counselling of young people in public employment services aims to help their active inclusion in the labour market and successful integration into social and economic life, which in addition to employment includes education and skills development, but also the expansion of social networks, that is, contacts that would help them in the future could help them achieve their goals.

### 3. DESCRIPTION OF THE ACTION

#### 3.1. Intervention Logic

The intervention logic has been linked to the already planned and programmed EU support in the sector in a synergistic and complementary way. First, they are focused on solving post-pandemic challenges, contributing to economic growth and consequently the demand for labour force, job security, safety and health of engaged workers. As such, it will contribute to the achievement of the specific goals of IPA III, that is, it can be said that it is aligned with the relevant thematic priorities of Window 4 of the IPA III Programming Framework (PF). The intervention should contribute to the inclusion of young people in the labour market through more efficient active labour market policies, first of all through the implementation of the Youth Guarantee.

The Economic Investment Plan (EIP) for the Western Balkans, published by the European Commission in October 2020, envisages the implementation of the Youth Guarantee programme in the Western Balkans in four phases in the period from 2021 to 2027. As it is a completely new programme, it is necessary to provide support in each individual phase with the aim of quality implementation of the Youth Guarantee programme:

First of all, it is very important to clearly define what the Youth Guarantee represents in terms of programme and target groups (institutions involved in the design and implementation and young people targeted). While the initial Youth Guarantee introduced in 2013 targeted those under 25 years of age, reinforced Youth Guarantee introduced in October 2020 expanded the coverage to target the programme to those under 30 years of age. In most Member States, the time limit for the offer has been set at four months, in accordance with the Council's recommendation (YG will have universal coverage, and no sub groups should be defined, it guarantees to all registered in YG to get service (quality offer) within four months from registration in the Youth Guarantee) (<https://ec.europa.eu/social/main.jsp?catId=1079&langId=en>)

Institutional internal organization and coordination mechanisms should be designed in the early stage of the preparation of the Youth Guarantee Implementation Plan, which will largely define the focus for both delivering and monitoring of the YG. The Youth Guarantee as a programme is of an interdepartmental nature and it is extremely important to determine the structure and clearly define the competences of the institutions that will implement (and monitor) it. Coordination of YG is in most cases the responsibility of the ministries responsible for labour while public employment services mostly act as delivery mechanism. To that end, it is of critical importance to involve relevant institutions from all levels of government (state, entity and cantonal levels).

Although the Youth Guarantee is much broader than the mandate of public employment services, a lot is expected from these services because the end result is a person's successful reintegration into the labour market. For this reason, public employment services at all levels of government should strengthen their ties with other institutions included in the Youth Guarantee (interoperability) and be the initiator of synergistic activities.

Alternative providers (including social partners, chambers of commerce and crafts, youth organizations, educational institutions and municipalities) are included in about one third of the member states, and young people can register through certain websites (monitoring of the YG services is done mainly from PES YG register so these services are not always taken into consideration, especially if they do not fulfil quality offer criteria). Digitalization of the PES and other relevant institutions is an important precondition for the implementation of an effective YG and for increasing the absorption capacity of institutions. It is very important to design an enforceable system in Bosnia and Herzegovina, which will include all important actors from all levels of government, but also get political support for its functioning (this part will also be covered in preparatory phase, already partially agreed). In order to be able to fully implement the Youth Guarantee in Bosnia and Herzegovina, it is necessary to develop a digital network of competent institutions for labour, employment and retraining, at all levels of government. In addition, it is necessary to interconnect employment

bureaus and public employment services so that an individual plan for each applicant of the Youth Guarantee programme is processed and recorded. The idea is that the Youth Guarantee applicants are guided towards retraining and/or employment in a four-months period. For this operation, a well-connected digital system is necessary.

Preparatory actions for the implementation of the Youth Guarantee Plan require capacity building of competent authorities and actors at all levels of government, analysis of available resources, strengthened mechanisms and systems for implementation, and technical feasibility studies. It is assumed that the entire working group should be involved in these processes, with certain specifics for the implementation of the Plan.

As described earlier, it is expected that the activities of the Youth Guarantee will build on the existing active employment measures for these target groups, in accordance with the plans and programmes of the public employment services. In this part of the activity, it is necessary to test the measures that are planned for the inclusion of new members of NEET, and which have been identified through the field work programme in a selected number of local areas, ideally through local and cantonal/regional partnerships for employment. After testing, it is necessary to evaluate the implemented measures and fully implement the Programme, that is, based on the evaluation of the pilot phase, make modifications to the Youth Guarantee plan, and begin its full implementation.

To prepare public services for the implementation of the Youth Guarantee operation processes should be analysed especially those who targeting young population. A reorganization of the process will be proposed in order to approach NEETs in the best possible way.

Bearing in mind the importance of public employment services in the implementation of the Youth Guarantee, and the specificity of the target group of the programme, it is necessary that digital tools be adapted to the target group of young people, which would include the mandatory possibility of access via applications and mobile phones, online registration of unemployed persons, and providing services, such as access to information about job vacancies to all registered unemployed, as well as information about active measures on the labour market. Reforms of PES should be continued, and in particular focus on work with youth, counselling services, monitoring and evaluation services, but also cooperation with employers.

In order to create an adequate policy that addresses NEETs, it is necessary to recognize the group within the policy development arena. Although the Agency of Statistics of Bosnia and Herzegovina collects data on NEET, it is not published within the LFS, there are no research, and strategies and action plans that address this issue. Furthermore, the causes of NEET status and characteristics of young people at risk from social exclusion are not analysed, while Survey on Income and Living Conditions that could provide important data in this respect is not conducted on regular bases. Civil society organizations could play a significant role, especially for groups of young people who are not on the records of PES. Adult education centres have a special role to play between public services and the NGO sector, as they target young people who do not necessarily have to be institutionally covered, and CSOs largely financially self-sustaining because they operate on a market basis.

The outreach phase of the YG Action Plan envisages two types of policy intervention. The first intervention builds on the findings of the additional mapping efforts undertaken by the PES that will for those inactive youth offer dedicated service line. The second area of intervention will target detached young NEETs that are not registered with PES. Additional assessment of detached youth registered with PES will be instrumental to better understand reasons for detachment and barrier they face in order to design and implement an individualized inclusion plan leading to the registration in the YG service delivery system. The development and coordination of outreach field work that will be directed towards those young NEETs that are not registered with public institutions, PES in particular.

It will be important to design – in partnership with relevant stakeholders – a framework for outreach activities (methodology, minimum service standards, referral, monitoring); build the capacity of youth CSOs to contact, engage and provide services to detach young people and accompany them to the YG service delivery system; and allocate the financial resources for outreach work. Outreach activities will be piloted – alongside the YG service delivery system – in two/three geographical areas.

The piloting phase will allow to test the outreach framework and to understand what works for which category of detached young people; which support service is most needed (e.g., labour market, social work, child/elderly care, psychological assistance, career guidance); and the competences youth workers need to develop to become effective outreach professionals.

The introduction of the Youth Guarantee might require the amendment of the legal framework (relevant Rulebooks and procedures) on employment promotion (registration, profiling, service workflow), as well as reforms in the functional organization and service delivery system, as PES will be the main entry point for services provision. The overall system will need systemic upgrades, as for example NEETs should get the opportunity to register online, before receiving services from the local employment bureau. Analytical activities of PES should be upgraded as statistical profiling system should be able to identify not only potential clients, but also type of activities they should receive.

The efficiency of PES services will be important more than ever, as individual employment plan will be expected to be designed in the shortest possible period to facilitate access to services and labour market integration programmes.

The implementation of the YG service delivery system will require several procedural changes, and to improve service delivery also for other PES clients, namely: intensity of contact between clients and counsellors; use of individual employment planning as a tool targeting clients facing substantial barriers in the labour market; and expansion of the online offer of services.

The **Overall Objective(s)**/(Impact(s)) of this action is:

1. The functioning of the labour market is improved for youth entrants and employees.

The **Specific Objective(s)** (Outcomes) of this action is:

1. Young people progress into the labour market [using the Youth Guarantee]

The **Outputs** to be delivered by this action contributing to the corresponding Outcome 1 are:

- 1.1 Local pilot programmes are designed;
- 1.2 Selected Public Employment Services (PESs)/employment bureaus and other involved entities are capacitated for Youth Guarantee management and implementation;
- 1.3 Local pilot programmes are implemented and monitored;
- 1.4 Local pilot programmes are reviewed and model refined.

The basic logic of the intervention for this action is that if the mentioned activities are implemented and if the assumptions are correct, the Outputs: local pilot programmes designed; PES capacitated for YG implementation; local pilot programmes implemented and monitored, will be achieved. In addition, the local pilot programmes will be reviewed and model refined.

If the Outputs are achieved and if the assumptions at the output level are correct, the strategic outcome will be achieved because young people will benefit from these activities and eventually have better prospects at the labour market.

If the Outcome is achieved and if the assumptions are correct at this level, then the action will contribute to the achievement of the Impact because it will contribute to easier access of employees to the labour market. In other words, if employment opportunities for young people, women and less employable categories increases, this will contribute to accelerated economic and social development.

### **3.2. Indicative Activities**

#### **Activities related to Output 1.1 Local pilot programmes are designed**

- 1.1.1. Identification and designing of pilot programmes
- 1.1.2. Integration of pilot programmes into workplans of PES/employment bureaus

#### **Activities related to Output 1.2 Selected PES/employment bureaus and other involved entities are capacitated for Youth Guarantee management and implementation**

- 1.2.1. Reform of the PES and service delivery model for youth
- 1.2.2. PES service delivery workflow for Youth Guarantee implementation
- 1.2.3. Dedicate staff that will implement the Youth Guarantee and conduct capacity building programme
- 1.2.4. Upgrade of the ICT platform of the PES to support NEET, profiling and counselling activities: To equip PES with an ICT platform able to manage the statistical profiling system, records of service and programme delivery as well as the features of the YG monitoring system (inflows, outflows, follow-up indicators) and to ensure the full interoperability of the PES system with other public administration databases

#### **Activities related to Output 1.3 Local pilot programmes implemented and monitored**

- 1.3.1. Provide Youth Guarantee offers, including outreach activities
- 1.3.2. Provide post-placement support and implementing feedback
- 1.3.3. Conduct monitoring of the YG programmes implementation
- 1.3.4. Conduct evaluation of the YG programmes

#### **Activities related to Output 1.4 Local pilot programmes are reviewed and model refined**

- 1.4.1. Redesign YG delivery processes: To improve overall performance and relate to the goal that YG is trying to achieve or problem that you are trying to address. These measures should align with the strategic priorities of the service
- 1.4.2. Based on evaluation reports for individual measures identify and prioritise areas for improvement
- 1.4.3. Track the impact of redesign: capture, validate and track the impact of improvement initiatives on process performance. They may be collected on a temporary basis (until change is embedded) or on an ongoing basis (to monitor the operation of various systems).
- 1.4.4. Demonstrate results at the end of the process and provide recommendations for dissemination

### **3.3. Mainstreaming**

The action document, within the framework of the implementation of all activities in the field of employment, will adhere to the Law on Gender Equality in Bosnia and Herzegovina. The activities of the Youth Guarantee envisage the equal participation of both men and women as end users of the projects. The inclusion of marginalized categories such as persons with disabilities should be determined in the planned activities through cooperation with the Fund for Professional Rehabilitation, Training and Employment of Persons with Disabilities' Federation of Bosnia and Herzegovina and the Fund for Professional Rehabilitation and Employment of Persons with Disabilities RS.



The action will aim to support structural reforms in the sector, which should focus on the following economic challenges: (i) reform of labour market institutions and encouraging the employment of target groups, among other things, through the development and implementation of active labour market measures, and the development of the Youth Guarantee, through which it is planned to facilitate the transition from education to employment.

The economic consequences of COVID-19, like the consequences of any other crisis, have the greatest effects on people in vulnerable groups. A special challenge for the state is the continuous outflow of labour, but also the unfavourable structure of the economy, which mostly requires labour with lower levels of education. It is vitally important to improve the existing measures, and to ensure a coordinated and synchronized approach of the Youth Guarantee with the existing measures. Furthermore, by indirectly increasing opportunities for employment and improving access to public services, it is necessary to aim for every person who is a beneficiary of active employment measures to be included in the activities of profiling, guidance and counselling of public employment services. Only in this way will these services be given the place in the system that they deserve.

It is necessary to maintain a continuous focus on supporting important policy goals such as the creation of new jobs, but also to make additional efforts to ensure that these positions provide dignified work, while respecting the regulations related to the safety and health of workers.

Bearing in mind that the future focus will be on people who are completely outside the institutions of the System (NEET), it is necessary to strengthen local capacities for providing services (municipal services, centres for social work and the NGO sector) by increasing their effectiveness and efficiency through better design and planning economic and social strategies and action plans.

### **Environmental Protection, Climate Change and Biodiversity**

Environmental screening is not foreseen and/or required for this action. Regardless, it should be recognized that the challenges for encouraging a sustainable and green economy in Bosnia and Herzegovina are significant. This action will aim to contribute, wherever possible, to the process of green and digital transition in Bosnia and Herzegovina. More specifically, green and circular priorities, as identified in the EU Green Deal, are incorporated into the employment intervention. In the design of active employment measures, training or self-employment of young people in new innovative industries such as recycling could be included as priority areas, while certain areas that harm these environmental issues could be completely excluded.

### **Gender equality and empowerment of women and girls**

Gender equality is a significant goal of these activities. The activities will contribute to gender equality and women's empowerment and the EU's strategic framework in this area. This will promote their economic, labour and social rights and facilitate the process of analysis and implementation of evidence-based gender policies.

The facts indicate that women are disproportionately more exposed to health and socio-economic risks and that they are less involved in the labour market. The activities will ensure that the planned interventions include an adequate response to the challenges faced by both women and men in all their specificities in different sectors. Women in Bosnia and Herzegovina face multiple obstacles on the labour market, such as long waiting times for their first job, long gaps in seniority due to maternity leave or caring for elderly or sick family members, inability to re-enter the labour market due to age barriers, etc.

Activities will contribute to improving employment opportunities for these groups and fostering gender equality in Bosnia and Herzegovina, as well as implementing the Conclusions of the Committee on the Elimination of Discrimination against Women (CEDAW).

### Human Rights

Activities facilitate investment in human rights in a horizontal way to create more resilient and inclusive societies (rights-based approach). This action will ensure that there will be no discrimination against vulnerable categories. In addition, it will ensure that women's rights are promoted through the dedicated use of some of the available resources, primarily through active employment measures.

### Disability

Disability is a significant goal of this action. This will be achieved through the promotion of the rights and status of persons with disabilities. Here, above all, we mean the connection of institutions from the field of employment and professional rehabilitation for the performance of jobs in employment and occupational safety. Building institutional capacities is therefore necessary to better respond to the specific needs of people with disabilities.

### 3.4. Risks and Assumptions

Category	Risks	Likelihood (High/ Medium/ low)	Impact (High/ Medium/ low)	Mitigating measures
	Insufficient support for AD implementation at political levels	<b>M</b>	<b>H</b>	It is necessary to define a coordinated visibility plan and ensure access to relevant media Activities and results of complementary projects taken into account to avoid overlaps
	Lack of support for the implementation of AD from the high management of the beneficiary institutions	<b>M</b>	<b>H</b>	Acquaintance of stakeholders of the social sector about the main activities of AD
	Differences in policies and priorities at the state, entity, cantonal and municipal levels make it difficult to reach a consensus on legal and institutional issues	<b>H</b>	<b>H</b>	Proactive involvement of all relevant users and stakeholders in the AD planning and implementation process All institutions involved in the implementation of the measures envisaged by this Action (at all levels of government) are ready to use the proposed assistance
	Possible changes in legislation or non-implementation of existing legislation	<b>L</b>	<b>L</b>	Full engagement and participation of Bosnia and Herzegovina's authorities in the employment sector at all levels with commitment to achieving

				progress in employment development
	Lack of capacity for implementation at the relevant levels of government.	<b>L</b>	<b>M</b>	Proactive involvement of all other relevant users and stakeholders in the planning and implementation process

### External Assumptions

Key assumptions, i.e., necessary and positive conditions for the successful implementation of the project are:

#### Outcome related:

- Youth Guarantee Implementation Plan adopted by relevant authorities;
- Integration into the EU remains the country's priority, as do other international obligations of Bosnia and Herzegovina.

#### Output related:

- Connecting sectoral actors at the entity level and their willingness to cooperate;
- Employers' interest in implementing employment activities. This is why it is necessary to conduct a dialogue directly with different employers and indirectly through employers' associations in both entities, which have already agreed to support the process in accordance with their capabilities through consultation processes;
- The PMCA methodology provides a high level of flexibility, it is necessary for the DEU to provide enough space for adapting the process to the specifics and different levels of development in the Entities.

### 3.5. Indicative Logical Framework Matrix

Results	Results chain: Main expected results [maximum 10]	Indicators [ it at least one indicator per expected result ]	Baselines ( values and years )	Targets ( values and years )	Sources of data	Assumptions
<b>Impact</b>	Functioning of the labour market improved for youth, entrants and young employees	Unemployment of persons aged 15 to 29 [focus on NEETs]	1 On December 31, 2022 61.627 unemployed in the Federation of Bosnia and Herzegovina and 30.666 in the RS	<i>Not applicable</i> due to limited scope of piloting measures	PES bulletin/statistics and of the Agency for Employment and Labour of Bosnia and Herzegovina	
<b>Outcome 1</b>	Young people progress into the labour market [using the Youth Guarantee]	No of Youth Guarantee graduates progressing in/towards labour market [dis. by employment in labour market; further training (dis: VET/other); supported employment; internship; M/F; sector)  Number of public policies that promote, enforce and/or monitor the matching between labour supply and youth workforce	1.1 Graduates are not using the Youth Guarantee  1.2 No systemic approach in analyses	1.1 Minimum 900 graduates using the youth guarantee (disaggregated by gender) 1.2 Minimum three public policies that promote, enforce and/or monitor the matching between labour supply and youth workforce	PES monthly and annual reports	Youth Guarantee Implementation Plan adopted by relevant authorities.

<b>Output 1 (Outcome 1)</b>	1.1 Local pilot programmes designed	No of pilot programmes designed	1.1.1 No pilot programmes designed 1.1.2 No users of pilot programmes	1.1.1 At least three pilot programmes designed 1.1.2 At least 900 users of pilot programmes (disaggregated by gender)	Project monitoring report	Connecting sectoral actors at the entity level and their willingness to cooperate
<b>Output 2 (Outcome 1)</b>	1.2 Selected PES/employment bureaus and other involved entities capacitated for Youth Guarantee management and implementation	Number of PESs/employment bureaus and other involved entities with raised capacities to deliver YG services  Number of trainings implemented  Recommendations provided to each PES/employment bureau	1.2.1 No PES with practical capacity to deliver services 1.2.2. No recommendations provided	1.2.1 At least three PESs involved in advanced and practical capacity building activities 1.2.2 At least three trainings implemented 1.2.3. One recommendations report provided for each PES involved in piloting phase	Project monitoring report	
<b>Output 3 (Outcome 1)</b>	1.3 Local pilot programmes implemented and monitored	Number of participants in pilot programmes (enrolled, graduated; M/F)	1.3.1 No participants involved in pilot programmes 1.3.2 No employers that	1.3.1 900 participants involved in pilot programmes	PES annual reports	

		Number of employers offering opportunities to graduates (a) offering jobs (b) otherwise involved	are participating in the Youth Guarantee	(disaggregated by gender) 1.3.2 60 employers that are offering opportunities through Youth Guarantee		
<b>Output (Outcome 1)</b>	<b>4</b> 1.4 Local pilot programmes reviewed and model refined	No of programmes reviewed and subject to post-review stakeholder dialogue	1.4.1 No of programmes reviewed and subject to post-review stakeholder dialogue	1.4.1 At least three of programmes reviewed and subject to post-review stakeholder dialogue	Project monitoring report and PES annual reports	

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Financing Agreement**

In order to implement this action, it is envisaged to conclude a financing agreement with Bosnia and Herzegovina.

### **4.2. Indicative Implementation Period**

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the Financing Agreement. Extensions of the implementation period may be agreed by the Commission's responsible authorizing officer by amending this Financing Decision and the relevant contracts and agreements.

### **4.3 Methods of implementation applicable for Project modality**

#### **4.3.1 Indirect Management with a pillar-assessed entity**

It is envisaged that the Outcome 1 Young people progress into the labour market [using the Youth Guarantee] is implemented through an indirect management with a pillar-assessed entity,

The pillar-assessed Entrusted entity has to demonstrate the experience in the relevant sectors specified below:

- The potential Entrusted entity or at least one Implementing partner have to demonstrate their presence in the country;
- The potential Entrusted entity has to demonstrate capacity for managing large scale interventions, which should combine technical assistance and grants to ensuring transparency of the grant award and management procedures) with at least five Youth Guarantee projects implemented and completed in the past 10 years, in an EU member state or EU candidate countries or EU potential candidate countries;
- The potential Entrusted entity and implementing partner(s) should demonstrate sectoral competences, either individually, or, in partnerships, with at least five similar project (capacity building and/or grants) implemented in the sector of employment, which relate to introduction and implementation of active labour market measures for youth completed in the past 10 years in an EU member state and/or EU candidate countries and/or EU potential candidates.
- The Entity is encouraged to work with implementing partners from Member States.

#### **4.3.2 Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances**

If the implementation modality under indirect management as defined in section 4.3.1. cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by procurements under direct management would be used.

#### 4.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorizing officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realization of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.5 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Indicative third-party contribution, in currency identified
<b>Methods of implementation</b> – cf. section 4.3		
1. <b>Outcome 1</b> - Young people progress into the labour market [using the Youth Guarantee], composed of		
Indirect management with international organisation or Member State organisation cf. section 4.4. <ul style="list-style-type: none"> <li>○ Local pilot programmes designed.</li> <li>○ Selected Public Employment Services (PESs)/employment bureaus and other involved entities are capacitated for Youth Guarantee management and implementation.</li> <li>○ Local pilot programmes are implemented and monitored.</li> <li>○ Local pilot programmes are reviewed and model refined.</li> </ul>	3 000 000	0
<b>Evaluation</b> – cf. section 5.2	will be covered by another Decision	N/A
<b>Audit</b> – cf. section 5.3		
<b>Strategic communication and public diplomacy</b> – cf. section 6	will be covered by another Decision	N/A
<b>Contingencies</b>	N/A	N/A
<b>Total</b>	<b>3 000 000</b>	<b>0</b>

#### 4.6 Organizational Set-up and Responsibilities

The Action will use the inter-institutional working method to steer delivery of support.

The previous actions that were carried out in order to begin the implementation of the Youth Guarantee are the appointment of three coordinators of the Youth Guarantee in Bosnia and Herzegovina and the appointment of representatives of competent institutions to expert groups at the ministerial and technical level.



Other relevant competent institutions, in addition to the main beneficiaries will be included in implementation of the proposed activities. Should it be necessary, additional institutions and organisations relevant to the achievement of the planned activities, will be included in the implementation. In line with the standard practice, at the initial stage of project implementation, a Steering Committee will be established to oversee progress in the implementation of activities. As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the governance structures set up for governing the implementation of the action.

#### **4.7 Pre-conditions**

Adoption of the Implementation Plan for Youth Guarantee for Bosnia and Herzegovina is precondition for the Action implementation.

### **5. PERFORMANCE MEASUREMENT**

#### **5.1 Monitoring and Reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible, at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews). Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring. The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows:

#### **5.2 Evaluation**

Having regard to the nature of the action, a final evaluation may be carried out for this action or its components via independent consultants contracted by the Commission.

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national levels. If deemed necessary, other donors will be invited to join. The Commission shall inform the implementing partner at least 3 months in advance of the dates envisaged for the evaluation exercise and missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination<sup>4</sup>. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

### **5.3 Audit and Verifications**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, based on a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## **6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY**

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [\*Communicating and raising EU visibility: Guidance for external actions\*](#) (or any successor document)<sup>5</sup>.

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

## **7. SUSTAINABILITY**

A variety of aspects may be used to determine the degree to which the YG has become a part of national policy making and, hence, whether the changes introduced by the YG are likely to be sustained over time. It is important that the EU Delegation spurred on Bosnia and Herzegovina to introduce youth-related labour-market reforms, rather than merely set up an additional offer of active labour market measures. In other words the YG must not be isolated effort to support youth, but part of the overall system of active labour market measures, and effort to reform services delivery. It is important to continue insisting on strong monitoring and evaluation systems to assess the effectiveness of YG-related measures. Finally, PES have to continue to build up (lasting) partnerships between all relevant stakeholders (such as public and private

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<sup>4</sup> [https://capacity4dev.europa.eu/groups/evaluation\\_guidelines/info/evaluation-dissemination\\_en](https://capacity4dev.europa.eu/groups/evaluation_guidelines/info/evaluation-dissemination_en)

<sup>5</sup> [https://international-partnerships.ec.europa.eu/knowledge-hub/communicating-and-raising-eu-visibility-guidance-external-actions\\_en](https://international-partnerships.ec.europa.eu/knowledge-hub/communicating-and-raising-eu-visibility-guidance-external-actions_en)

employment services, government authorities, education and training institutions and so on), but also to be strongly focused on developments so far, in front of all individual action plans and profiling techniques, service provision through job clubs and similar channels.