

ANNEX 7

to the Commission Implementing Decision on the financing of the annual action plan in favour of Bosnia and Herzegovina for 2021

**Action Document for “EU4 Mitigating Socio-Economic Consequences of COVID-19 pandemic in Bosnia and Herzegovina: Employment, Social Protection and Inclusion Policies”**

## 1. SYNOPSIS

### 1.1. Action Summary Table

<b>Title</b>	<b>Action 07 – EU4 Mitigating Socio-Economic Consequences of COVID-19 pandemic in Bosnia and Herzegovina: Employment, Social Protection and Inclusion Policies</b> Annual Action Plan in favour of Bosnia and Herzegovina for 2021			
<b>CRIS number</b>	043-667/7			
<b>Basic Act</b>	Financed under the Instrument for Pre-accession Assistance (IPA III)			
<b>Team Europe Initiative</b>	No			
<b>Zone benefiting from the action</b>	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 1: Education, employment, social protection and inclusion policies, and health			
<b>Sustainable Development Goals (SDGs)</b>	5 Gender equality 10 Reduced inequality			
<b>DAC code(s)</b>	16010 Social protection 16020 Employment creation			
<b>Main Delivery Channel<sup>1</sup></b>	Bilateral			
<b>Markers (from CRIS 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 checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>1</sup> <http://www.oecd.org/dac/stats/annex2.htm>.

	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born 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 type="checkbox"/>	<input checked="" 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>Internal markers</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Social inclusion and human development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>Amounts concerned</b>	Budget Line: 15.020201.02 Total estimated cost: EUR 12 500 000 Total amount of EU budget contribution: EUR 12 500 000			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>Type of financing and method(s) of implementation</b>	Project Modality Indirect management with entrusted entity, the entities to be selected in accordance with the criteria set out in section 4.3.4.			
<b>Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans</b>	Human Development			
<b>Final date for their conclusion of Financing Agreement</b>	At the latest by 31 December 2022			

<b>Final date for concluding contribution / delegation agreements, procurement and grant contracts</b>	3 years following the date of conclusion of the Financing Agreement, except for cases listed under Article 114(2) of the Financial Regulation
<b>Indicative operational implementation period</b>	6 years following the conclusion of the Financing Agreement
<b>Final date for implementing the Financing Agreement</b> (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement

## 1.2. Summary of the Action

The COVID-19 pandemic represents a major challenge for Bosnia and Herzegovina (BiH) as it does for most of the countries of the region and the world. BiH belongs to the group of the countries that have been heavily hit by the COVID-19 pandemic and the dramatic economic recession that it has generated. The objective of this Action is to contribute to mitigating negative socio-economic consequences of the pandemic in BiH and support the country in its post pandemic socio-economic **recovery**, by contributing to economic growth, job security and a system of better social protection and inclusion.

**This is a multi-sectoral Action;** composed of two sub-sectors: (i) *employment*, and (ii) *social sector* - social policy and inclusion. **IN THE EMPLOYMENT SECTOR**, the Action aims to achieve **higher employment levels** and a **more skilled and resilient workforce** ready for new challenges facing the labour market post pandemic. It also aims to prepare labour market institutions to more effectively address the challenges of the post pandemic period. The assistance will centre on support for Active Labour Market Measures (ALMM) and provisions of grants for, *inter alia*, self-employment. Furthermore, a targeted capacity building of public employment institutes (PES) will also be provided under the Action, with focus on **increasing their capacities and knowledge related to green transition and Economic and Investment Plan for the Western Balkans (EIP) Youth Guarantee (YG)**. **The aim is to ensure their ability to deliver on ALMM related to green transition (see section 2.1.) and YG.** **IN THE SOCIAL SECTOR**, the focus will be on **extending social protection to the most vulnerable categories, coupled by social inclusion actions**. The Action will **improve welfare and inclusiveness for the most vulnerable categories** that have been particularly negatively affected by the pandemic: people with disabilities, extended families at risk of poverty, youth, women, victims of domestic violence and human trafficking, and Roma. **Cross sectoral support for the evolution of the concept and the country wide policy and legal framework for social entrepreneurship (SE)** will also be provided, including providing grant resources to existing and newly established social entrepreneurships.

## 2. RATIONALE

### 2.1. Context Analysis

#### **Sector/Country/Regional Context**

Bosnia and Herzegovina (BiH) economy, and hence society, has been hit hard by the negative effects of COVID-19 crisis. At the very beginning, in early April 2020, in its baseline scenario, the IMF forecast a V shaped economic shock, with an **increased** contraction of real GDP in BiH in 2020 of 5% followed by an increase of 3.5% in 2021. The main trigger of both downturn and upturn is domestic demand, with a significant swing of private consumption and gross capital formation – both public and private. At present, BiH's economy continues to be severely impacted by the pandemic, given a new wave of infections post summer. The International Monetary Fund (IMF) estimates that BiH economy will contract by 5.5% for 2020, reflecting the severe impact of the pandemic on, *inter alia*, tourism, hospitality, transport and manufacturing. For 2021, IMF projects a rebound in economic activity of 4%, provided that BiH is able to maintain macroeconomic stability and contain health risks. BiH Economic Reform Program (ERP) 2021-2023<sup>2</sup> projects 2020 GDP contraction of 3%.

<sup>2</sup> Directorate for Economic Planning – Macroeconomic projections, January 2021.

Moreover, in BiH, the COVID-19 crisis also exposed and exacerbated the **structural weaknesses of the economy (low competitiveness, stressed labour market, insufficient innovation, etc)**. The latest data available on public revenues indicate sharp reduction of both indirect and direct taxation (see below for data), estimated increase of current account deficit to 4.5% of GDP (an increase of 1.1% compared to 2019, reflecting a decline of remittances), industrial production declining by 9.1% in the first half of 2020, and ERP's projection of 9.7% reduction of exports for 2020, compared to 2019. Preliminary employment data for the first three months of 2021, against the last quarter of 2020, suggest a 2,5% reduction in number of total employed people in BiH.<sup>3</sup> However, the unemployment rate has been increasing steadily in the second half of 2020 and in the first quarter of 2021, with tourism and industrial sectors witnessing the largest increase.

It all points to the BiH economy experiencing a **sharper than expected decline**. In addition, the record contraction of about 8.3% of GDP for the economy of EU<sup>4</sup> will certainly aggravate the economic downturn of the BiH economy, which is heavily dependent on the EU market- the country's main foreign trade partner and the main source of workers' remittances. There are significant downside risks to all current projections and an unprecedented high level of uncertainty in terms of both depth and length of the impact of the crisis at global, EU, regional and domestic levels. A quick return to positive growth rates is now considered unlikely and analysts are more and more frequently making a reference to an L shaped economic curve or the U-shaped recovery. Throughout 2020 and into 2021 BiH authorities have worked towards **preserving employment, ensuring continuity of learning and improving social protection, mainly through developing a set of socio-economic measures to mitigate socio-economic consequences of the pandemic (see below)**. **This is to be done by boosting economic activity, supporting private sector, protect existing, and creating new jobs, thus also accelerating economic growth.**

The economic fallout from COVID-19, as well as with past economic downturns, **is expected to disproportionately affect young people, women and vulnerable groups, including but not limited to, families under risk of child separation, single headed families<sup>5</sup>, disabled and displaced persons**. Moreover, many on low income and grey economy earners have lost jobs, which put them at greater risk of exposure to vulnerability, poverty and reliance on social protection system.

BiH spent 18.3% of its GDP in 2019, and an estimate of 20% of its GDP in 2020 on social benefits, with social assistance accounting approximately for 4.6% of GDP. This is based on non-contributory programmes, with a majority going to war veterans. It is estimated that 1% is distributed to the most vulnerable citizens. Social protection systems in BiH continues to suffer excessive strain of COVID-19. It has been noted that the virus is not an equal opportunity virus – it targets those with pre-existing health conditions and the poor. UNICEF's *Social Impacts of COVID-19 in BiH: Household Survey (2020)* confirm that the economic impact of the crisis is borne disproportionately by the poorest and most vulnerable. The crisis has reduced income and access to basic services leading to an increase in multidimensional poverty and inequality: 13% of respondents reported unmet healthcare needs that were non-COVID-19 related. A worsened financial situation was reported by 48.5% of households by the same survey, for whom 12% experienced significant hardship. **The hardest hit struck the people who were already vulnerable with 54% reporting a deteriorating financial situation and 14% experiencing major financial constrictions**. Those who considered themselves poor even prior to the pandemic have been particularly negatively affected **with 63% experiencing a turn for the worse and 20% in a radically worsened situation (see more under social sector problems)**.

Finally, this Action should also help BiH's progressing towards a **green (and digital) transition**. This is of particular importance as the intention to boost economic growth and social welfare, if implemented in a business-as-usual scenario, could threaten BiH's natural capital, causing environmental damage and an increased global warming.<sup>6</sup> **The sectors that are most vulnerable to climate change in BiH include: agriculture, water resources, forestry, energy, tourism, biodiversity and sensitive ecosystems, and human health**. When it comes to BiH's GHG emission reduction, largest contributors have been energy (78%), agriculture (9%) industry (9%) and waste (4%). **A**

<sup>3</sup> BHAS, Demography and Social Statistics – LFSs, IV quarter of 2020 and I quarter of 2021

<sup>4</sup> EC *European Economic Forecast Summer 2020*

<sup>5</sup> Single parents face an even greater challenge because many have been laid off or forced to quit their job in order to care for their children.

<sup>6</sup> There are 209 companies in waste collection, waste treatment and disposal activities and waste recycling in BiH (Source: BHAS, Environment Statistics, February 2021).

**major share of the industry's emissions can be assigned to manufacturing industry and construction. Relevant data and more in-depth analysis for identification of sectors in which the introduction of regenerative/circular models would be most suitable is not yet available in BiH.**

Considering COVID-19 realities and its economic aftermath, the countries of the Western Balkans region, including BiH, need to step up their efforts further to implement structural reforms and accelerate convergence with the EU, in order to improve post pandemic recovery. To this end, BiH has committed to (i) further strengthen regional cooperation as a way to advance on its EU path, as well as (ii) advance its commitment to EU compliant reforms. BiH authorities are working towards creating synergies between follow up socio-economic measures to boost economic activity post COVID-19 crisis and to meet the priorities and recommendations of the Commission's Opinion on BiH's Application for EU Membership (Opinion)<sup>7</sup>, the accompanying Analytical Report (AR)<sup>8</sup>, and the Joint Conclusions of the Economic and Financial Dialogue (Joint Conclusions)<sup>9</sup>.

BiH is furthermore committed to: (i) implementation of the Economic and Investment Plan for the Western Balkans<sup>10</sup> including its flagship 10 on the establishment of a youth guarantee, (ii) enhanced connectivity, and (iii) endorsement of key initiatives such as the launch of the Green Agenda for Western Balkans<sup>11</sup> and a Common Regional Market to facilitate regional integration and assist economic development in the region, with a view to accelerating the post-pandemic recovery by spurring on sustainable and resource efficient economic growth, as well as advancing with much needed structural reforms. This will be backed by a green and digital transition.

Finally, social inclusion of excluded groups has a regional context. *The Poznan Roma Declaration*<sup>12</sup> represents the commitments of the Western Balkans governments on the way to integration of Roma. The governments set precise indicators to be reached before the EU accession in the priority areas such as access of Roma to education, employment, housing and healthcare.

With the **Joint Socio-Economic Reforms 2019-2022 (JSER)**, the BiH authorities have made strategic commitments to address the main socio-economic challenges facing BiH, in line with the EU's 66 key short-term socio-economic priorities derived from the Commission's Opinion and the Joint Conclusions, as well as those necessitated by the COVID19 pandemic. The EU has engaged with BiH in an intensive reform dialogue, to support the country in translating the recommendations from the Commission's Opinion and the accompanying analytical report on Bosnia and Herzegovina's EU membership application into concrete action plans. However, the Commission assessed that the proposed action plans of governments so far fall short of fully addressing most of these priorities. The BiH authorities are developing the actions plans or the implementation of the JSER, and they are committed to improving economic governance and inter-governmental coordination and cooperation, recognising the interconnectedness of economic activity across the country. **The upcoming countrywide JSER measures will, *inter alia*, have to improve: (i) employment policies and the financial sustainability of the social protection system in the country, and (ii) provide opportunities for young people, women and vulnerable categories.**

**Moreover, BiH Economic Reform Programme 2021-2023 (BiH ERP)** contains a number of structural reforms, spread across eight structural reform policy areas/sectors composed of planned priority reform measures to increase competitiveness, employment and facilitate sustainable and inclusive, post pandemic growth. Envisaged post pandemic recovery measures are organised under the following relevant structural policy areas: **(i) education and skills – 16. improving the link between education and labour market, (ii) employment and labour market – 17. improving the labour market efficiency through effective employment policies and strengthening the role of mediation, and (iii) social protection and inclusion – 18. improving the social protection system.** Under SR16 priority measures entail: improving the harmonisation of education with the requirements of the labour market, in order to provide educated and professional staff to the economy and increase the number of employed persons for Federation of Bosnia and Herzegovina (FBiH) and a number of measures for Republika Srpska (RS): including, *inter alia*,: programme of training, professional development and education of adults, with a special focus on women, in order to facilitate integration into the labour market; support to public higher education institutions for projects related

<sup>7</sup> COM(2019) 261 final

<sup>8</sup> SWD(2019) 222 final

<sup>9</sup> <https://data.consilium.europa.eu/doc/document/ST-10622-2021-INIT/en/pdf>

<sup>10</sup> COM(2020) 641 final

<sup>11</sup> SWD(2020) 223 final

<sup>12</sup> <https://www.rcc.int/romaintegration2020/news/323/declaration-of-wb-partners-on-roma-integration-within-the-eu-enlargement-process>

to the needs of the labour market; Under SR17: *Improving the labour market efficiency through effective employment policies and strengthening the role of mediation*, priority measures entails: improving the efficiency of the labour market system through the harmonisation of legislation with European legislation and international documents, as well as through the implementation of effective employment policies and strengthening the role of mediation of public services in employment. SR18 of ERP focuses on: *Improving the social protection system through*: development of an efficient, sustainable and fair system of social protection and protection of families with children that will guarantee basic and equal rights of socially vulnerable categories through harmonisation of the legal framework and establishment of a fair system for social protection and protection of families and children, improving and supporting the social services system in order to reduce social exclusion [FBiH] and establishment of the Institute for Social Protection, development of the Social Protection Strategy of the RS, and upgrading the SOTAC electronic database and networking with other sources of electronic data.

**Strategic Framework of BiH** outlines a medium-term development vision for BiH and serves as the basis for preparation of BiH Council of Ministers (CoM) medium term work (two year) programmes. The Strategic Framework for BiH presents five growth and development principles: integrated, smart, sustainable and inclusive growth, as well as governance for growth; and 14 strategic priorities/goals for BiH, with the ones relevant for this AD objectives being: **(i) ensure human capital development, (ii) increasing employment opportunities, and (iii) reducing poverty and social exclusions**. BiH CoM Medium Term Work Programme 2020-2020 maintains the same five growth and development principles and 14 strategic priorities. **The most relevant one is: inclusive growth – a. increasing employment opportunities, b. poverty and social exclusion reduction, *inter alia*, through improvement of social protection and pension policies, and d. improving health protection.**

BiH being a small and open economy with a large role of the services industries, *green jobs* (employment, entrepreneurship) can particularly be created in sectors such as: **the building sector** (integrated sustainable development, regenerative building materials, energy efficiency/Emission Reduction Plan, investments in improving energy efficiency in health facilities (hospitals, health centers) and other public facilities), **technological eco-innovation** (digitalisation, hydrogen, CCUS, etc.) to reduce local emissions especially from power generation and to increase climate change mitigation, data gathering and analytic capacity in support of environmental safeguarding and CC adaptation (e.g., hydrological and meteorological stations for river basin monitoring and CC adaptive flood risk management/Flood Forecasting Early Warning System, disaster risk management for extreme climate events), **adapted agroforestry for flood risk management and extension services, adaptation measures and disaster preparedness in the health sector, valorising secondary materials and substances in circular business models** (recyclables, biomass, COVID-19 related medical waste in hospitals and utility companies) and sharing economy inspired (digital) rental platforms to alleviate the municipal waste management, as well as the creation of a financial sector in support of such *green, resilient* and *regenerative* economic transition. The public sectors' adequate support of such digital and eco-innovation by creating the business and investment climate is of utmost importance and can be accompanied with a series move towards *sustainable* public procurement (e.g., providing higher scoring to *sustainable products/services, circular business models, women-led businesses*).

### **Brief analysis of Public Financial Management**

**The fiscal system** in BiH is decentralised. Across all central levels of government there are a total of 291 direct budget users [75 within the BiH Institutions, 67 in the FBiH, 150 in the RS, and 2 in the Brčko District (BD BiH) and 1200 indirect budget users (950 in FBiH and 250 in RS. Fiscal coordination occurs through the Fiscal Council (FC), an independent body which aims to ensure macroeconomic stability and fiscal sustainability through coordination of levels of government. The FC adopts a three-year rolling document - Global Framework of the Fiscal Balance and Policy (GFFBP). The GFFBP covers the three-year period and provides a basis for the finance ministries to prepare medium term budget frameworks (MTBFs), which indicate overall fiscal projections. GFFBP and MTBFs do not contain information on strategic/mid-term policy development plans. Further reform efforts are needed to **ensure connection between the strategic/mid-term policy development plans and budget projections**. In addition, the ERP, through the main two objectives: (i) to outline a medium-term policy framework, including public finance objectives and structural reform priorities needed for EU accession and (ii) to offer an opportunity to develop the institutional and analytical capacity necessary to participate in the EMU, particularly in the areas of multilateral surveillance and co-ordination of economic policies, also contributes to macro-fiscal coordination in BiH.

BiH PFM system is characterised by the functioning of four independent budgetary systems, each with an individual practice for the implementation of its budget calendars. **Programme budgeting** was introduced in BiH in 2007. However, much work remains to be done to improve the framework. A common feature of programme budgeting at

all levels is that it is applied only in the phase of budget preparation, and not at all stages of the budget cycle. **The implementation of programme budgeting** at all levels of BiH is thus progressing, albeit slowly. Reform emphasis needs to be placed on: (i) increasing human resources in the Budget Sectors and Treasury Sectors at all ministries of finances and Financial Directorate of District Brčko, and (ii) improving integration and consistency of PFM IT systems for budget preparation (BPMIS) and execution (FMIS) at all levels and ensuring proper software maintenance.

**A country-wide public financial management (PFM) reform strategy** has yet to be developed and adopted in BiH to ensure a common reform direction on PFM. During 2020, BiH authorities have committed to developing new PFM strategies for the period through to 2025. Working groups have been established, except for the F BiH working group, which is still pending establishment. The challenge continues to be that PFM reform programmes at various levels of government need to be further aligned with international standards on budget formulation and execution procedures, monitoring, transparency of budget data and forecasting. Further PFM related reforms in internal audit and control, dealing with payment arrears and managing better public investments, as well as budget transparency are needed.

**The main objectives of BiH policy is to mitigate** the social (and economic) impact of the COVID-19 pandemic by implementing a number of targeted measures, while at the same time aiming to address structural problems in the sectors and safeguarding the natural capital and ecosystem services. The policy focus is on addressing **high unemployment, skills and post pandemic and social sector policies, with focus on inclusiveness and equal opportunities**. Overall, human development policies of BiH aim at modernisation of education and employment sectors in the country, as well as skills enhancement.

The magnitude of both needed reforms and financial assistance needed cannot be overestimated. The Action Document follows the national development objectives and is compliant with sectoral strategic documents and will contribute to addressing significant socio-economic needs with a significant impact always aligned with the ‘digital’ and ‘green’ ambitions mentioned in the European Green Deal.

## 2.2. Problem analysis by areas of support

### **Economic dimension of problems the action seeks to address**

It has been argued **that massive financial resources will be necessary in the next 12-36 months** to counter the crisis in BiH. The IMF is estimating a financing gap (i.e., the difference between a country's requirements for foreign exchange to finance its debts and imports and its income from abroad) for 2020 of EUR910 million (or about 5.4% of GDP). In addition, the IMF estimates a financing gap of EUR270 million in 2021, and EUR220 million in 2022 and 2023. At the time of writing, based on announced foreign assistance packages, which primarily include the IMF RFI and new Extended Fund Facility (EFF) in the amount of EUR750 million, and EU assistance and up to EUR250 million of macro-financial assistance (MFA), as well as lower amounts of assistance announced by the WB, EIB, EBRD, and IFC, the financing gap will not be closed.

BiH Directorate for Economic Planning (DEP) assessment is fully aligned with IMF's, concluding that BiH will face large budget deficit and weakened fiscal stance in 2020/2021. The latest data from ERP 2021-2023 shows a steep reduction of indirect tax revenue in 2020 - 20.1% (VAT alone 17.8%, and 12.1% for direct tax. Contributions have declined by 7.4%. Thus, further assistance will be needed to close the financing gap and financing for additional spending to **support the health system, increased social sector and education needs, wage subsidies, unemployment programmes, etc.** Moreover, based on the previously mentioned worse than expected macroeconomic administrative data outturns published most recently, the financing gap may be larger than projected.

BiH introduced emergency measures for containing the pandemic in early March. The F BiH government adopted a *Law on Mitigation of Negative Economic Consequences of the Pandemic*. The Law contained measures ranging from short term financial aid to companies (EUR 250 million), establishment of a Guarantee Fund, a provision of subsidies for employers' contributions, to cancellation and/or delays of taxes (income taxes and businesses' tax payment). A separate recommendation on banks' moratorium on loans for businesses and citizens was also issued. RS government issued a number of regulations, including the one on Solidarity Fund for RS, as well as decision on subsidising income tax and contribution, suspending tax payments for businesses, and issuing a decision on interim measures by banks to mitigate the negative economic consequences of the pandemic. Almost a year later, it can be concluded that the BiH authorities' immediate response was timely and relevant to address some of the macroeconomic imbalances, but fragmented, partially delayed and insufficient in scope to deal with rising inequality (as pandemic impacts have been experienced disproportionately by different groups), challenges in education, employment and social sectors, with

wide disparities between and within the entities. Moreover, in terms of both design and implementation, State-level institutions have played a limited role thus far.

### **Social dimension**

The economic fallout from COVID-19, as well as with past economic downturns, is expected to disproportionately affect young people, women and vulnerable groups, including socially disadvantaged families under risk of child separation, disabled and displaced persons. There are a range of measures currently in place across skills system and labour market institutions and non-governmental sector (NGO) and social enterprises sector (SE) in BiH (*see Section 2.4*) to support young people entering the labour market, people looking to reskill or upskill and those facing the threat of redundancy, and challenges of exclusion. However, it is vital to build upon and scale up the measures currently in place, ensure coordinated and synchronised approach to the identified challenges while at the same time drawing lessons from what has worked well and experiences from past downturns to meet the unprecedented post pandemic realities. A renewed focus on social economy and social entrepreneurship (SE) will contribute to important policy objectives such as job creation, inclusiveness, equal opportunities, sustainability, and civic participation post pandemic, with the aim of 'leaving no one behind'. Moreover, effects of the pandemic have been having a particularly negative effect on women and girls, and efforts in a post-pandemic recovery should aim to integrate gender-equality perspective in all the measures taken to foster employment, social protection and inclusion policies and health care.

### **Environmental dimension**

As described above, the challenges to a fostering a sustainable and green economy in BiH are significant. This Action will aim to contribute to, wherever possible to a process of green and digital transition in BiH. More specifically, green and circular aspects and priorities and ambitions, as identified in the **European Green Deal**, have been built into employment intervention. ALMM will for example aim to include, for example, education and training of young and unemployed people in new innovative industries such as processing of plastic, recycling, etc. Moreover, while the Action supports any employer and entrepreneur promoting the mission of a just, employment-creating and green economic recovery, social entrepreneurs in BiH are by their very nature particularly well suited to deliver not only a just, but a green economy as well. Social entrepreneurs in BiH can be pioneers of a just and green economy and can facilitate implementation of SDGs in the country.

**This is a multi-sectoral action, composed of sub sector targeted assistance in the following two areas of support: (i) employment, (ii) social sector.**

#### **AREA OF SUPPORT #1 GREEN EMPLOYMENT - Problem analysis**

One of the key socio-economic consequence of the pandemic is **rising unemployment**.<sup>13</sup> According to the latest data on registered unemployment in BiH (November 2020), there are 413,254 unemployed persons in BiH<sup>14</sup>. This is an increase of almost 12,000 persons if compared to the same period last year, or an increase of unemployment index by 2.7%. Over 50% of job seekers **are women**. Moreover, **BiH already had the largest youth unemployment in the south-east Europe** which also indirectly contributes to migration. Out of the total population outside labour force, 36,7% persons are age 65+, then 26,3% belong to the age group 50 – 64 years, 19,4% to the age group 25 - 49 years and 17,7% to the age group 15 - 24 years<sup>15</sup>. According to UN projections, by 2050, BiH's population will have declined to 2,685,037.

**Already low labour market participation of women and youth, including long term unemployed and Roma<sup>16</sup> has been further exacerbated by the pandemic. In addition, women small business owners are one of the most threatened groups under the pandemic.** As for the gender pay gap, despite the lack of official data, women are estimated to earn on average 78% to 85% of a man's salary for the same position. The treatment of maternity, paternity and family leave differs between entities and amongst cantons.

In addition, it is estimated that up to 30% of BiH active labour force is employed within, **the grey economy, in informal employment**. The highest incidence of informal employment is found in the agriculture sector, amongst men

<sup>13</sup> Unemployment rate was not published for 2020 during the ERP development period.

<sup>14</sup> Bosnia and Herzegovina Agency for Statistics (BHAS), Demography and Social Statistics – Registered Unemployment November 2020.

<sup>15</sup> BHAS, Demography and Social Statistics – LFS, I quarter of 2021.

<sup>16</sup> There are estimated 35,000 Roma in BiH. Source: *2013 Population Census*.



and amongst those with low education and attainment skills. In addition, those most likely to be informally employed are the oldest and youngest workers, i.e. those who are at the margins of the labour market, having just entered it, or being about to leave it. Short term job retention measures provided under immediate COVID-19 response of BiH authorities did not cover this group, who is likely to slip further into poverty post pandemic.

The EU, will, through strategic and dynamic deployment of this IPA III 2021 AD, support BiH to preserving jobs and increasing employment opportunities post pandemic. Through targeted support for the ALLM and provisions of grants for self-employment, **the EU added value** will be that of both complementary with already existing, and planned, government support. This will conversely contribute to job security and growth, as well as economic recovery. The EU assistance will improve access to finance and inclusion for women and youth in particular.

#### *Description of main stakeholders*

At State level, the Ministry of Civil Affairs of BiH (MCA) is responsible for: (i) defining basic principles of coordination of activities, (ii) harmonising plans of the entity authorities, (iii) defining a strategy at the international level in the fields of health and social care, pensions, labour and employment. The Ministry of Human Rights and Refugees of BiH (MHRR) also has a specific role related to human rights, vulnerable groups, refugees, Roma, and LGBTIQ. Ministries responsible for employment at entity and cantonal levels as well as in the Brčko District (BD) include: FBiH Ministry of Labour and Social Policy, RS Ministry of Labour, War Veterans and Disabled Persons' Protection, cantonal ministries and relevant department of the BD BiH Government responsible for labour. In accordance with existing laws and regulations, active labour market policies are developed by the FBiH Employment Bureau, the RS Employment Bureau and BD Employment Bureau, and implemented by the public employment services (PES). BiH Agency for Labour and Employment is also an important stakeholder, even though it does not work with unemployed persons. It implements international labour agreement, including integrational agreements on social insurances as it pertains labour agreements (in cooperation with MCA) and coordination of activities with entity PES and BH BiH employment bureau. For social entrepreneurs, relevant ministries from the list of key institutions below, as well as the two funds: Fund for the Professional Rehabilitation, Training and Employment of Persons with Disabilities of FBiH and Fund for Professional Rehabilitation and Employment of PwD of RS, shall be included.

It may prove beneficial for the success of the Action to include additional line ministries and other institutions (such as for example ministries of industry, economy and agriculture), as stakeholders to contribute to definition of Terms of References for specific interventions, or to facilitate implementation thereof.

#### *Complementarity with national strategies*

Throughout 2020, the MCA coordinated a process of developing a country-wide employment strategy that would also encompass entity-level strategies as well as the strategy of the BD. The countrywide strategy will include goals common for both entities and will have agreed timeframes in order to facilitate definition and monitoring. The strategy will define measures for the *implementation* of strategic goals, thus enabling easier employment, better working conditions and respect for the rights of workers. Within the framework of the EU Project *Strengthening the capacity of the labour market institutions by improving of labour market research methodology, Bosnia and Herzegovina (IPA 2016)*, additional Result has been added, namely *Provided support in development of the strategic framework*. It is expected that this will result in development of the countrywide strategy. The Opinion also noted the importance of a country-wide strategic framework.

The FBiH Employment Strategy 2021-2027 had been approved by the FBiH Government and in May 2021 was sent to the FBiH Parliament for further approval. The Parliament's decision is still pending. The strategic framework for youth is yet to be defined. In the absence of FBiH Employment Strategy, it is worth noting that the FBiH government adopted FBiH Development Strategy 2021-2027 in February 2021. Its priority 2.4. focused on reducing unemployment and employment inactivity, especially long term one, trough, inter alia, strengthening capacity and function of PES's. The RS Ministry of Labour, War Veterans and Disabled People's Protection is in the process of developing the 2021-2027 Employment Strategy for the Republika Srpska and is looking for ways to incorporate the Youth Guarantee under this strategy and thus plan for its financing. Once the two entity employment strategies are developed and adopted, this would create a platform for the adoption of the countrywide employment strategy, which would provide more opportunities for the Youth Guarantee and other initiatives.

Ministry of Civil Affairs of BiH has prepared a draft strategic document *Priorities in the Field of Youth in BiH 2021-2024* and sent it to the competent institutions in BiH for an opinion. There are currently no activities on the preparation of an action plan / implementation plan for the implementation of the YG Fund.

*2017-2022 BiH Science Development Strategy - Revised Framework Document* - is a document that provides strategic guidelines and action plan for development of research and development and innovation in BiH for the period 2017-2022, aiming at prosperous development of science & research, economy, education and culture in BiH in accordance with the recommendations for development of science in Europe and the world.

At the Second EU – Western Balkans Ministerial Meeting on Employment and Social Affairs, held in Slovenia in July 2021, representatives of the Western Balkans and their EU counterparts committed to gradually establish, implement and enhance Youth Guarantee schemes under EIP. In this context, the Ministers and the Representatives of the Western Balkans responsible for employment endorsed a Declaration on ensuring sustainable labour market integration of young people, with concrete steps to gradually establish, implement and enhance, respectively, Youth Guarantee schemes.

### **AREA OF SUPPORT #2 SOCIAL SECTOR: - Problem analysis**

According to the Household Budget Survey (2015)<sup>17</sup>, published by the BHAS, over 170,000 households or over **500,000 inhabitants** in BiH were below the **relative poverty line**. A relative poverty rate (income based) of the population in BiH was 16.9%. Consumption based share of individuals at risk of poverty is much higher, it stands at 27%, or 800,000 citizens. This means that for many citizens, having employment does not guarantee a way out of poverty. A monthly at risk of poverty threshold is estimated at BiH is EUR 105 (just over a half of the net minimum wage). Preliminary data for 2020 seems to indicate that COVID-19 continues to affect negatively risk of poverty share in BiH, while at the same time further increasing social exclusion of vulnerable groups, including Roma.<sup>18</sup> According to UNICEF, children are among the most vulnerable categories with 19% living below the relative poverty line and 26% below the absolute poverty line.<sup>19</sup> This, coupled with insufficient social protection coverage and social targeting (see above), poses a significant challenge in the sector.

Poverty, social exclusion of vulnerable groups and insufficient coverage, need to be tackled through better policy implementation and better inter-institutional cooperation, and policies aimed at securing meaningful employment opportunities for socially vulnerable and excluded groups. Moreover, social policies need to be designed in a way that takes in to account the needs of women and men, boys and girls, particularly from vulnerable categories.

**In terms of institutional aspects of social protection, Centres for Social Work<sup>20</sup>** and other social welfare institutions did not have sufficient capacity for individual work with users and the application of specialised and multidisciplinary work, which is a consequence of the lack of specific profiles of experts, material and financial resources and program frameworks. This already challenging situation has been made even more challenged with the increased COVID-19 related pressure.<sup>21</sup> A particular problem in the field of social protection **is the insufficiently developed integrated social protection model in local communities**, which diminishes the possibilities of using all the available resources of the local community to detect and solve the problems that individuals and vulnerable groups of citizens face. The lack of an integrated social protection model in the local communities makes it difficult to develop and implement projects and programs of protection and social inclusion of specific vulnerable user groups in the local community. This slows down further the development of social entrepreneurship, social housing, volunteerism and social services. A specific support is needed for the Centres to be able to provide targeted support to vulnerable families, including single parent families, children and victims of domestic violence and of human trafficking.

**Additional financial support** is also needed not only for the existing most vulnerable and the poor but also for those at risk of sliding into poverty because of the impact of the pandemic. More specifically, **in addition to tackling the**

<sup>17</sup> The last HBS was conducted in 2015 and included 7,702 households: 4,643 in FBiH, 2,607 in RS and 452 in BD.

<sup>18</sup> MHHR estimates that 4008 Roma families and 19,295 Roma individuals fall in the vulnerable category.

<sup>19</sup> Situation Analysis of Children in Bosnia and Herzegovina, UNICEF, March 2020.

<sup>20</sup> According to the BHAS data in BiH, there are 109 social welfare centres (59 in FBiH, 49 in RS and 1 in BD BiH). In the FBiH, there are 20 other social welfare services, which have the role and task of the Centres for Social Work, so the total number of Centres for Social Work in FBiH 79.

<sup>21</sup> UNICEF Survey estimated that 13% of sample respondents expressed that they were not able to benefit from social protection services.

**institutional challenges identified above**, the following wellbeing and welfare problem areas seem to be priorities post pandemic:

**Combating Domestic Violence and Human Trafficking:** Within the context of the 2019-2022 BiH Gender Action Plans, BiH adopted a *Report on Legislative and Other Measures Giving Effects to the Provisions of the Council of Europe's Convention on Preventing and Combatting Violence against Women and Domestic Violence (Istanbul Convention)* in January 2020.<sup>22</sup> The report outlines BiH priorities to combat domestic violence in BiH, which were substantial even in the period prior to the pandemic and focused on legislation, data, skills of service providers, public awareness and funding. These challenges have further been exacerbated by the pandemic. There is an indication that incidents of domestic violence and violence against women have increased in BiH since March 2020 - the onset of the pandemic. For example, data on number of victims of domestic violence (women, children and youth) who sought refuge in *Sigurne kuca* (Safe House)<sup>23</sup> in Sarajevo Canton (population of 500,000) has increased by 20% in 2020. Reported cases of domestic violence via SOS phone line has also increased up to 50%. The increase adds to the pre-pandemic data from the BiH Agency for Gender Equality, which demonstrates that every third women in BiH has been a victim of domestic violence, and every second women suffered from at least one type of violence (physical, economic or psychological). Human trafficking remains a challenge in BiH. Victims of human trafficking seek refuge in *Safe Houses*.

**Improving provision of most basic needs for those at risk of poverty through Public Kitchens in BiH** - In 2018, 17,000 people have used services of twenty Red Cross public kitchens throughout BiH<sup>24</sup>. The kitchens on average prepared 3 million meals per year. They are used by people who are at the greatest risk of poverty in BiH, and are entitled to one meal a day<sup>25</sup>. A worrying trend of youth people using public kitchen has also been reported during the pandemic. A special public kitchen for children has been set up in Lukavac (funded partially by Lukavac municipality) and has seen an increase in call for its services during pandemic. It should be noted that needs are much higher than the number of users, as there are very strict rules as to who can benefit from a free meal. An option of food packages for those that do not qualify but are still in need are increasingly considered. Very few public kitchens are co-financed from cantonal or entity budgets. Sarajevo Canton co-finances the costs of public kitchens through the Ministry for Labour and Social Policy<sup>26</sup>. It is estimated that one user of public kitchen comes at a cost of BAM 40 a month for Sarajevo canton budget. The Government of Una-Sana Canton via the Ministry of Health, Labour and Social Policy also co-finances the work of public kitchens. To this purpose it allocated the amount of BAM 10,000 in 2020 and 20,000 in 2021. Kitchens primarily rely on donations from citizens, diaspora<sup>27</sup>, and private businesses. The need for use of public kitchens during the pandemic has greatly increased. It was reported in October 2020 that the number of users has been increased by at least 10%, primarily due to unemployment and increased vulnerabilities of whole families as a result of it. It is expected that the pressure will continue in 2021/2022, leading to an increased need for financing.

**Fostering Social entrepreneurship (SE)** ecosystem and it is accompanying policy, legal and institutional framework, which could be used both to tackle both high unemployment and social exclusion and vulnerability, is in the early stages of development in BiH, with most of the existing SEs being in the early or validation stages of their development.<sup>28</sup> These SEs are young and financially and technically unprepared for sustainable growth initiatives. Virtually all SEs need access to technical skills for strategic development, market orientation and branding, as well as investment planning. The sector suffers from inadequate institutional support, at times a challenging and unevenly

<sup>22</sup> [https://arsbih.gov.ba/wp-content/uploads/2020/06/200206-Bosnia-and-Herzegovina-GREVI0-REPORT\\_ENG.pdf](https://arsbih.gov.ba/wp-content/uploads/2020/06/200206-Bosnia-and-Herzegovina-GREVI0-REPORT_ENG.pdf)

<sup>23</sup> There is a total of eight *Safe Houses* throughout BiH. They are run by non-governmental organisations and funded by donations in all cases, except in Sarajevo Canton, where the *Safe House* is funded 60% from Cantonal Budget. In addition, the budget of the MHRR for 2019, EUR 51,129 was allocated for the safe houses to cover the cost of overhead expenses.

<sup>24</sup> In addition, there are NGOs kitchens: *Merhamet* (20 kitchens that also aim to cater for migrants, servicing on average 8000 people), *Imaret*, *Caritas* (in Sarajevo and Zenica), *Pomozi.ba*, *Dobrotvor*, etc

<sup>25</sup> The so-called Our Kitchens, Red Cross public kitchens are in Sarajevo, Mostar, Banja Luka, Bijeljina, Vlasenica, Teslić and Bileća.

<sup>26</sup> <https://ckks.ba/centralna-kuhinja/>

<sup>27</sup> BiH has had a dramatic decline of remittances in 2020. ERP 2021-2023: *According to currently available data for the first two quarters of 2020, the current account deficit amounted to BAM 616 million, which is a decrease by 14% compared to the same period last year (at the time of preparation of the baseline scenario, CBBH data for the third and fourth quarters of 2020 were not available).*

<sup>28</sup> [https://ec.europa.eu/growth/content/social-economy-eastern-neighbourhood-and-western-balkans\\_en](https://ec.europa.eu/growth/content/social-economy-eastern-neighbourhood-and-western-balkans_en)

implemented legal framework, dependence on grant funding, no tax relief, and a lack of clear country-wide coordination.

Considering high unemployment and social exclusion in BiH that was further aggravated by the pandemic, **a potential of social entrepreneurship to innovate and provide a wide spectrum of solidarity-based goods and services should be tapped into and supported. This should particularly include aspects of innovation and technology transfer, wherever possible.** Municipalities can play an important role in supporting SEs and stimulating cross-sector partnerships to leverage knowledge and resources at the local level. Overall, it has been assessed that the environment in BiH is relatively supportive of social enterprises and there is a real potential within the ecosystem to develop a vibrant sector.<sup>29</sup> This, in turn, will lead to social and economic benefits of the potential positive role of SE in BiH in the post-pandemic recovery, and will lead to improvement in social fabrics of society, while reducing vulnerability.

**ROMA:** According to the MHRR, an overall employment rate of Roma is a staggeringly low 11%, and there are 3,278 unemployed Roma in BiH in 2020. The position of Roma who are active jobseekers (registered with employment services) has been further deteriorating during the pandemic. According to the MHRR analysis of general indicators on Roma, there are additional 5,500 adult Roma, who are unemployed or involved in informal forms of work. Without accelerating and increasing the number of Roma employment programs, the social exclusion and poverty they are faced with on a daily basis is likely to increase even further.

The EU will support the sector in responding to a plethora of immediate post-pandemic challenges related to social protection, poverty reduction and inclusiveness. This will be done through a targeted, social sector based, and combined support to institutional structures, as well as direct support for the most vulnerable groups in society, which have been most affected by the pandemic. *The EU added value* will be that of both complementary with already existing, and planned, government support. Moreover, the EU support will contribute to closing the financing gap for the much-needed programmes. It will moreover ensure greater efficiency, scope and speed of delivery, contributing to improving welfare and well-being of most vulnerable BiH citizens post-pandemic.

#### *Description of main stakeholders*

The role of State level institutions in the field of social protection is that of coordination of activities, harmonisation of plans of entity authorities and defining strategies at the international level in the field of social protection (competence of the MCA). MHRR has a role related to gender issues (including domestic violence), Roma and victims of human trafficking.

Institutional competencies in the field of social protection at the entity level and cantonal levels, including a sub-unit for social protection of the Government of the BD include: FBiH Ministry of Labour and Social Policy, RS Ministry of Labour and War Veterans and Disabled Persons Protection, RS Ministry of Health and Social Protection, FBiH cantonal ministries for social protection, and responsible department of the BD BiH Government.

The main role in the implementation of social protection lies with the centres for social work, which are the first contact where socially vulnerable persons seek protection and which implement laws and bylaws in the field of social protection. The social protection in BiH includes: (i) socially vulnerable persons (old and incapacitated persons, children vulnerable categories: orphans, single-parent, with disabilities), (ii) persons with disabilities, (iii) protection of civilian war victims and (iii) protection of families with children.

For SE, relevant ministries from the list of key institutions (employment sector), as well as the two funds: Fund for the Professional Rehabilitation, Training and Employment of Persons with Disabilities of FBiH and Fund for Professional Rehabilitation and Employment of Persons with Disabilities of RS, shall be included. With regard to gender related activities, BiH Agency for Gender Equality and FBiH and RS Gender Centres, including BD BiH are the main stakeholders.

Should it be necessary, other institutions and organisations relevant to the achievement of the planned activities, will be included in the implementation. In line with the standard practice, in the initial stage of project implementation, a steering committee will be established to oversee progress in the implementation of activities. Furthermore, if necessary, working groups of experts - representatives of institutions or organisations will be established for a specific topics/tasks/activity under the proposed measures. Given a huge number of institutions in the sector as well number

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<sup>29</sup> *Ibid.*

of activities, steering committees will be set up to ensure efficiency, effectiveness, and relevance of measures to be taken.

#### Complementarity with national strategies

There are no countrywide strategic documents in BiH for the area of social protection and social inclusion.

**Joint Socio-Economic Reforms for the Period 2019-2022 document** stresses the measures for the implementation of policies that provide opportunities for young people, women and vulnerable categories.

**Disability Policy in Bosnia and Herzegovina** (2008) outlines fundamental guidelines for strengthening social inclusion of persons with disabilities in Bosnia and Herzegovina. It further states that social services are underdeveloped and systematically unregulated. In most cases, the existing staff and institutional mechanisms are inadequate to the needs.

**Roma Problem-Solving Strategy of Bosnia and Herzegovina** puts stress on the non-discrimination of Roma and raising awareness of necessity for inclusion of Roma in all social processes in BiH. **Action plans for Roma** in Bosnia and Herzegovina specifically target areas of Education, Employment, Housing and Health protection (Action Plan for Addressing Roma Issues in the Fields of Employment, Housing and Health Care, Framework Action Plan on the Educational Needs of Roma). MHRR has finalised a draft Action Plan of BiH for social inclusion of Roma men and women for the period 2021-2025 based on the regional Declaration of Roma Integration (2019). The Action plan has five relevant goals: (i) strengthening support system, coordination and monitoring in order to reduced discrimination against Roma men and women, (ii)improving employability and employment of Roma men and women, (ii) improving living conditions of Roma population in BiH, (iv) improving availability and quality of healthcare for members of Roma population in BiH, and (v) improving coverage of education of Roma men and women through a more effective implementation of Framework Plan of Education Needs.

**Revised Strategy on implementation of Annex VII of Dayton Peace Agreement** (2010) has the overall objective to engage national authorities and civil society at all levels and across all sectors in a coordinated and prioritised plan to implement the commitments made in the Dayton Peace Agreement Annex VII, so to identify and resolve the remaining obstacles to solutions for the most vulnerable displaced and returnee families. There is also Mapping of vulnerabilities and needs of returnees and Internally Displaced Persons in selected communities that provides info on the returnee and internally displaced population and their needs, as well as an Analysis of the needs of residents in collective centres.

**Set of Recommendations for Integrating the Perspective of Gender Equality** in the process of planning, adoption and implementation of decisions and plans in combating COVID-19 pandemic has been developed by the BiH Ministry of Human Rights and Refugees and the Agency for Gender Equality of BiH. The Recommendations focus on: work engagement of women, economic development, prevention and protection against gender-based violence and equal gender representation in decision making bodies

### 2.3. Relevance and complementarity with strategies supported by key national stakeholders

**Employment:** The Action aims to achieve higher employment levels and a more skilled and resilient workforce ready for new challenges facing the labour market post pandemic, which essentially means to prepare the unemployed, entrepreneurs and the employed in their employability to compete in an increasingly ‘green’/‘regenerative’ and digital economy. It also aims to prepare labour market institutions to more effectively address the challenges of the post pandemic period. While supporting any eco-innovative businesses, the Action will also aim to foster development of a SE and eco-innovative businesses, across a number of priority areas of intervention and in order of importance. It should be noted that the SE activities will be implemented across employment and social sector interventions under this AD.

**Social:** The Action will improve welfare and inclusiveness for the most vulnerable categories who have been particularly negatively affected by the pandemic, through a targeted set of actions, within the above defined areas of intervention. It will provide assistance to support the evolution of the concept and the country wide policy and legal framework for social enterprise, including supporting the resources available to SEs. Roma wellbeing and welfare will also be improved, *inter alia*, through setting up of a monitoring system to enable Roma and other vulnerable categories to exercise their rights.

#### *Sector approach*

The Sector consists of two sub-sectors: employment and social policy. It includes bodies and institutions at all levels of government in BiH which are competent in the areas covered by the sub-sectors. MCA performs the role of lead coordination institution. The development of sub-sectors within this sector is uneven and additional activities will be needed to develop all criteria of the sector approach, in aspects related to improvement of the coordination mechanism as well as development of *missing* strategic documents. Given that the employment, and social protection are two different sub-sectors in BiH, there is no single strategic document that encompasses these two areas.

**Overall, the policy-making system** in BiH remains fragmented. The legislative framework on medium-term policy planning remains incomplete. Co-ordination between Centre of Government institutions in policy planning and policy development is very limited at all levels of the administration.<sup>30</sup> There has been some progress in adopting a set of bylaws regulating annual, three-year and strategic planning in F BiH, and the RS has simplified procedures on the regulatory impact assessment for law-making. Further progress is needed in developing harmonised legal provisions or methodological guidance for countrywide strategic planning; harmonisation between central planning documents such as the medium-term and annual government programme, framework budget document and action plan for implementation of priorities and harmonisation of such documents with the sector strategies. Moreover, the legal framework for inclusive and evidence-based policy development needs to be improved and consistently implemented, together with impact and quality of the analysis supporting policy proposals across all levels.<sup>31</sup>

In light of the above, this Action relies on present synergies between actors from different sectors at all levels of authority in BiH to address socio-economic consequences of COVID-19 and complements other sources of financing to this end. BiH Council of Ministers, at the recommendation of the EU Office, has in May 2020 established **High Level Task Force for Socio-Economic Response**, not only to address some of the challenges related to the COVID-19 crisis but also to improve the process of policy coordination. The composition of the Task Force is a compact **high-level mix**, bringing together all key players in the realm of economic policy making. The Task Force ensures that the authorities' follow-up economic plans are guided by an enhanced approach to policy making and coordination in line with the requirements of the EU accession process.

The current legislative framework in BiH does not fully establish standards for monitoring and reporting on key government planning documents at each level of government, thus preventing public scrutiny over government work. Beyond legislative measures, more efforts are needed to raise awareness on various forms of consultation with the public. It remains key to strengthen technical capacities at all levels of government on how to regularly use public consultations as a tool of policy-making.<sup>32</sup> Specific to the sector, monitoring of progress of reforms is carried out at the sub-sectors' level.

**Employment:** MCA, in cooperation with the competent institutions in BiH, prepared the evaluation report on the implementation of the 2010-2014 BiH Employment Strategy. It is expected that the same mechanisms for monitoring the implementation will be used for the new country-wide strategy, once adopted.

**Social:** Monitoring and evaluation of strategic and action documents in this sector is carried out by entities, cantons in F BiH and BD BiH. Reports on the implementation of these documents are not submitted to the Council of Ministers of BiH nor to the MCA. The MCA does not have the competence or mechanism for systematic monitoring of issues and problems that may occur in this sector.

**Coordination** in the field of labour and **employment** is primarily centered on harmonisation of the entity plans, defining of the strategies, and preparation and coordination of activities with the competent entity and cantonal bodies and the BD BiH.

Coordination in the field of **social protection** primarily involves competent entities' and cantonal ministries and competent BD BiH authority and it refers to the implementation of tasks and activities carried out in entities, cantons and the BD BiH. The coordination process is conducted through meetings, exchange of materials, while all decisions are made with agreement of all stakeholders.

## 2.4. Relevance and complementarity with EU policy and EU and other donors' assistance

### *Relevance and complementarity with EU Policy*

Employment interventions foreseen under this action are in line with TP1 under W4 of IPA III PF in a sense that they will support activities to foster quality employment and access to the labour market, reduce the proportion of informal

<sup>30</sup> <http://www.sigmaweb.org/publications/Monitoring-Report-2017-Bosnia-and-Herzegovina.pdf>

<sup>31</sup> EC Country Report 2020

<sup>32</sup> *Ibid.*

employment as well as promote equality and non-discrimination social protection and inclusion and combating poverty. Moreover, interventions foreseen under this action as a final impact, aim to promote social protection and inclusion and combat poverty. This is in close relation with the TP1 under W4, where it is stated that the specific objective of IPA III in this area includes promotion of social protection and inclusion and combating poverty.

**The Commission's Communication on "A credible enlargement perspective for and enhanced EU engagement with the Western Balkans"**<sup>33</sup> stresses the challenges facing private sector development in the WB region with an emphasis on their effects on employment opportunities for younger people. It outlines EU support measures for enhanced growth and job creation, with a focus on youth. It also stresses that economic reforms must be pursued and structural weaknesses, low competitiveness and high unemployment addressed.

**The 2021 Communication on EU Enlargement**<sup>34</sup> states that BiH should improve the quality of education and training, in particular, accelerate the modernisation of curricula with a view to better alignment with labour market needs.

**Economic Investment Plan (EIP) for the Western Balkans, highlights that there is a need for all the WBs to improve labour market participation, especially of young people and women, disadvantaged groups and minorities, in particular Roma, as a priority so that it can strongly contribute to economic growth. More specifically,** EIPs – Flagship Initiative 10: Youth Guarantee Fund (YGF) targets NEETs (youth not in employment, education or training), with added focus on 25-29-year olds, where we have higher NEET rates and skills mismatch. There are five key components of the YGF: (i) Partnership based approach, (ii) Early intervention and activation, (iii) Supportive measures enabling labour market integration, (iv) Funding of Youth Guarantee, and (v) Continuous monitoring and evaluation. Within the EIP context, Western Balkans governments are expected to actively engaged in the Phase 1 of the YEP - Implementation Plans, where countries; task forces design implementation plans with EU support. These are then expected to be implemented first through the pilot phase (Phase 4) and then full deployment (Phase 5).

**The EC 2019 Analytical Report** states that the overall state of the country's labour market is worrying. Very low labour force participation and employment rates, high unemployment and underemployment are all deeply entrenched phenomena. Public employment services lack administrative and financial capacities to implement active labour market policies. Lack of human resources and of finance prevent them from implementing comprehensive active labour market policies. Special measures are needed to modernise and harmonise occupational health and safety laws throughout the country to bring them in line with the EU *acquis*. **The Commission's 2021 BiH Report** again urged the relevant institutions across BiH to better coordinate their efforts to address serious challenges regarding the employment, social inclusion and protection and poverty reduction. In relation to persons with disabilities, it noted that institutional care is still prevalent.

**The Joint Conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey**<sup>35</sup> call upon BiH to take immediate measures to preserve employment, and to strengthen the capacity and human resources of employment offices to ensure more active support to registered jobseekers including an increased provision of active labour market policies, especially training, upskilling and reskilling.

**The Stabilisation and Association Agreement (SAA)** Bosnia and Herzegovina and EU Member States regulates relations in terms of labour migrations, working conditions i.e. health and safety at work, reform of employment policy, social security, as well as the harmonisation of legislation in the subject areas. Article 99 of the SAA stipulates that the parties will cooperate to facilitate the reform of the employment policy in BiH, in the context of strengthened economic reforms and integration.

**In social policy area,** improved access to social inclusion services and social inclusion of Roma envisaged in this Action, contributes to the decisive efforts needed to protect minorities and fight discrimination, notably against the Roma - for whom social inclusion should be more robustly promoted, as it is stated in the **Western Balkans Strategy (2018)**. Interventions under this Action will contribute to enhancing the social protection system in BiH, which is directly linked with the **2019 Analytical Report** conclusions, where it is stated that despite the high poverty and poverty-related social challenges, the social protection system is underdeveloped, while the effectiveness of social

<sup>33</sup> COM(2018) 65 final

<sup>34</sup> SWD(2021) 291 final /2

<sup>35</sup> <https://data.consilium.europa.eu/doc/document/ST-9319-2018-INIT/en/pdf>

transfers is limited. The report also emphasises that the administrative capacities of the centres for social welfare need to be strengthened, as they coordinate multi-sectoral support. Social assistance must be better targeted and should be needs-based. Models of alternative, community-based social care need strengthening. Institutional care is still prevalent in relation to persons with disabilities, and services within the community that enable independent living are not adequately supported. Cooperation between the social service centres and employment bureaus is not yet well established. Measures need to be taken to ensure a better coordination of active labour market policies with the social assistance programmes to ensure smooth inclusion of beneficiaries to labour market. The administrative capacities of the centres for social welfare need to be strengthened.

**EU Roma strategic framework for equality, inclusion and participation for 2020 – 2030** stated that the EU has a duty to protect its Roma minority from discrimination, *antigypsyism* and social exclusion. This document also states that by working together, real progress can be achieved by 2030, bringing about a Europe in which Roma individuals and communities, in all their diversity, have equal opportunities in all spheres of life, benefit from socio-economic inclusion and participate equally in society. **Declaration of Western Balkans Partners on Roma Integration**<sup>36</sup> within the EU Enlargement Process, endorsed by the Western Balkans at the Leaders' Summit, within the Western Balkans Summit of Berlin Process series in Poznan, is complementary to the EU Roma framework. It endeavours to improve the lives and living conditions of Roma in general.

The overall objective under PF Window 4 (W4) is to strengthen economic and social development, including **through education, innovation, social inclusion and employment policies**. One of the four TP specific objectives is particularly relevant for this AD: TP1: fostering quality employment and access to the labour market, reducing the proportion of informal employment as well as promoting equality and non-discrimination social protection and inclusion and combating poverty. This Action Document is in line with IPA III PF.

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

Given the number of interventions in the two sectors, which has increased during the pandemic, it will be of utmost importance to coordinate closely to ensure synergy of action between EU and other donors' assistance and agree and formalise cooperation with key donors and international stakeholder.

### **Employment sector**

**EU funded (IPA 2019) and ILO implemented EU Support to Local Employment Partnerships - Phase II (LEP II) (EUR 4 million, out of which EUR 3.2 million is envisaged for grants)** focuses on development of local employment partnerships to deliver activation and labour market integration programs in line with specific local needs. The special attention will be given to technical assistance and capacity building of local employment offices to use LEPs as tools for development of active labour market measures in line with local needs. The expected project implementation period is January 2021- December 2023. 20 new local partnership are expected to be created, more than 1600 persons will be trained and at least 600 new jobs created.

The IPA 2016, **EU project Strengthening the capacity of the labour market institutions by improving of labour market research methodology, Bosnia and Herzegovina** aims to create a more effective labour market in BiH by provision of assistance to strengthen the capacity of the labour market institutions. It should achieve following results: (1) Systems for monitoring and evaluation of labour market needs operational; (2) Assessment of the existing active labour market measures effectiveness with a comparative view conducted; (3) Trained staff of labour market institutions to implement more effectively active labour market measures focused on cooperation with employers and service delivery; (4) Improved information exchange about supply and demand of labour force in line with international standards; (5) Provided support in development of the strategic framework. The project implementation period is September 2020 – August 2022. Under IPA 2020, the Output 2: Support to effective and targeted active labour market measures for youth, rural women and vulnerable categories of unemployed (long-term unemployed, persons with disability and Roma) by all levels of authority is planned.

**The Employment and Social Affairs Platform (ESAP 2)** project is a regional project financed by the EU and implemented jointly by the Regional Cooperation Council and International Labour Organisation (ILO). ESAP 2 is a continuation of the original ESAP project implemented in the region from 2016 to 2019 and aims to build on its

<sup>36</sup> <https://www.rcc.int/romaintegration2020/news/323/declaration-of-wb-partners-on-roma-integration-within-the-eu-enlargement-process>



achievements. The main beneficiaries of the RCC's portion of the project are the Ministries of Labour and Social Affairs and the Public Employment Services of the six Western Balkan economies. The project also partners with Labour and Social Affairs counterparts in the European Union (EU). After completion of its 1st phase, ESAP 2 was officially launched in January 2020, beginning the implementation phase along its 3 main components: (i) informal Employment and Undeclared Work; (ii) employment Policies and Measures; and (iii) Western Balkans engagement in EU employment and social policies. ESAP 2 is also set to improve employment opportunities and working conditions of women and men in the Western Balkans.

The assistance under this AD is complementary to the following **IPA III Multi-beneficiary Assistance 2021- 2022**:

(i) Action Document for Strengthening employment, labour and social protection systems and policies in the Western Balkans with **SOCIEUX+** (EUR 3,000,000) (Area of support #1: Labour and Employment) - by contributing to development of quality active labor market measures targeted at certain groups; as well as to the employment and participation of persons with disabilities or illnesses, and their skills development for their better labor market inclusivity; and (Area of support #2: Social Protection) – through support to capacity building of centers for social service; and to (ii) Action Document for EU Support to **fundamental rights of Roma** in the WBs and Turkey (EUR 7,000,000), by contributing to better integration of Roma, their employability and education and improved social protection.

With support of the Austrian Development Agency (ADA) the ILO is implementing a joint project with UNDP in six Western Balkans economies aimed at support to capacity building of labour market institutions (ministries in charge for labour and employment and public employment services) to develop policies and mechanisms that will contribute to better inclusion of vulnerable categories to the labour market. Project: **Promoting Inclusive Labour Market Solutions in the Western Balkans**, has started in 2018 and is in second phase of implementation. One of the core activities is creation of learning portal for the Public Employment Service staff (including management). Learning portal will contain online self-paced courses on: Monitoring and Evaluation of PES Performance, Design of ALMS, Guide to Profiling, Client Segmentation and Sequence of Services, Career Guidance, and Cooperation with Employers. Courses will be available in B/H/S languages and available online by the end of 2021.

The ILO is working on the **Occupational Outlook**, a pilot project aims at developing the capacity of the labour market institutions to: (i) design and manage an evidence-based Occupational Outlook (OO) to inform young people about the occupations and economic sectors that offered good career prospects; and (ii) use monitoring and evaluation data for the adjustment of youth employment interventions. In addition, based on an analysis of the skills needs and the capacity gaps of companies in the IT sector, as well as the quality and quantity of supply, ILO's project: **Skills forecasting in the IT sector** will develop a sector-skills strategic plan with the participation of all relevant stakeholders. Priority interventions will be identified at policy, institutional, education provider and company level, aimed at reducing skills mismatches and developing the skills needed for the development of the IT sector.

ILO, UNDP, UN Women, UNICEF and WHO joined forces to build an **SDG Financing Ecosystem in Bosnia and Herzegovina under the Joint SDG Fund**. An SDG Financing ecosystem is a network of different stakeholders that enables the generation of additional funding to promote and achieve the Sustainable Development Goals (SDGs). The ILO's contribution to this joint programme focuses on bringing additional resources to SDG 8 *Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*. More specifically, the ILO will contribute to the analysis of output and employment multipliers to understand the employment impacts of alternative policies in different branches of the economy.

The following relevant projects are funded and implemented under Swedish assistance to BiH - *Results Strategy for Sweden's reform cooperation with Eastern Europe, the Western Balkans and Turkey 2014 – 2020*, which is still in force until the adoption of the new strategy: 1. *Integrated Employment Service*, implemented by the World Bank (ends October 2022) with the objective of job creation through: (i) established trust fund to provide management services for micro and small firms and provision of private employment services to jobseekers and placement with firms; and (ii) evaluation of impact of private services and employment outcome resulting from project actions. The project is not solely established to mitigate socio-economic consequences of COVID-19 but it will facilitate employment; 2. Assistance under consideration: *Improving Women's Labour Market Participation*, to be implemented by World Bank. Similarly, the project is not only targeting mitigation of COVID-19 consequences but it aims to facilitate employment focusing on women who are inactive in labour force. Coordination with these projects needs to be ensured. Moreover, close coordination and cooperation will be necessary with other Swedish Embassy and other donors and local stakeholders such as MOZAIK<sup>37</sup> and KULT<sup>38</sup>), already active in SE and youth employment area.

### **Social sector**

The EU has, under the Call for proposals for Support to existing and newly established CSOs networks in various areas (published on 17/12/2019), and awarded in February 2020, decided to provide support to three NGOs in areas relevant to the assistance that will be provided under this AD: (i) Contribution of CSOs to improving entrepreneurship impact on socio-economic development of BiH-EISE project, F BiH and RS Association of Employers (EUR 0.5 million, 36 months duration); (ii) EMPOWER- Empowering Civil Society Organisations in the Social Inclusion of Persons with Disabilities, lead implementor CARITAS (EUR 0.38 million, 36 months duration); and (iii) Better Social inclusion through strengthened IRIS CSOs Network, LIR Civil Society (EUR 0.47 million, 36 months implementation). There is also currently ongoing project (CSF 2017): Development of Social Entrepreneurship by CSOs with the main aim to create a favourable environment for the development of social entrepreneurship. Close cooperation should be established with these initiatives in the process of writing ToR under this Action, in order to ensure that relevant findings, recommendation and data is included where pertinent.

EU project: *Needs Analysis for Social Work Centers in Bosnia and Herzegovina (IPA 2016)* is being implemented. It will be used as the basis for development of projects related to the implementation of the output "*Improved capacities of social work centers for adequate work with users and strengthening extra-institutional forms of social protection by all authority levels*" set out in IPA 2020 Action Document *EU Support to Education, Employment and Social Policy*. It will also be taken into account when developing specific activities under this Action. Implementation of this project started on 15 September 2020 and is expected to be completed in March 2021. The main beneficiaries of the project are the ministries with line competence in the field of social protection at the entity level.

UNICEF has an ongoing and planned activities related to social sector under this Action. The focus is on: (i) *established systems of social service delivery* (institutional and non-institutional) for support of vulnerable groups affected by the pandemic strengthened (partially funded through DG NEAR), and (ii) *child protection*: ensure continuity of child protection services; mitigate risks of all forms of violence and abuse of children; and address mental health and psychosocial support (MHPSS) and stigma prevention. BiH is also included in the comparative analysis covering the Western Balkans, Ukraine and Moldova assessing the COVID-19 Impact on Social Protection which covers social contributions aspect related to the employment relationship. Finding from this report (ILO) should be used in the ToR phase. Draft ToR for Analysis of SE in BiH already exist at the MCA. These should be used as the reference point for further definition of this action.

### **2.5. Lessons learned and links with previous financial assistance**

In area of **employment**, LEP Phase 1 project (EU) developed and implemented 19 local employment initiatives in the period 2016-2019. 1600 persons have been trained and upskilled and 512 persons have found jobs. The outcomes, results and findings such as the importance of development of partnerships and programs at the local level, in line with specific needs on the ground, need to build further and foster capacities of employment offices, have been considered during the design process for this action.

<sup>37</sup> *Mozaik Foundation* is benefiting from Swedish Government Assistance: *Collective Impact for Youth*; working through online learning platform lonac.ba and two incubators in Sarajevo and Banja Luka.

<sup>38</sup> *KULT Institute* is benefiting from Swedish Government Assistance: *Future Reviving Through Youth Work and (Aspiring) Youth Leadership*. It aims to include 5000 youth throughout BiH.

Findings from the upcoming studies and assessments, such as ILO's *Rapid Assessment of the Employment Impacts and Policy Responses*; analytics for the 2021-2027 Employment Strategy of FBiH, and rapid-STED analysis in the IT sector focusing on skills needs, company capacity gaps and actions to reduce skills mismatches, have not been ready as final documents in time for design of this action, but should be used for definition of specific activities under employment interventions.

Over the past years **social sector** has received substantial EU and other donor (bilateral and multilateral) assistance, particularly aimed at building social inclusion and social protection mechanisms. In the field of social welfare, two projects financed under the IPA have been implemented: IPA 2011 Project: *Support to social services providers* and IPA 2014 project *Transformation of institutions for childcare and prevention of separation of families*. Implementation of the said projects has contributed to strengthening of extra-institutional forms of social protection and thus to the process of deinstitutionalisation of social protection for various categories of beneficiaries. Projects provided assistance to some of the centres for social work in order to direct the protection of their beneficiaries towards strengthening the forms of social protection that are better for the users, such as placing them into a different family or by providing the service of home assistance for the elderly and the disabled. Significant improvement was made in area of capacity building for professionals in social sector in FBiH and the RS in provision of trainings in partnerships with variety of NGO's, namely: Case management methodology, Methodology focused on children's rights, foster care providers training based on PRIDE methodology (all in partnership of the FBiH Ministry of Labor and Social Policy and the RS Ministry of Health and Social Welfare with SOS Children's Villages Bosnia and Herzegovina). SOTAC database is improved with the case management tools.

**Social Entrepreneurship:** Progress is being made in building out the infrastructure necessary to support SE development in BiH. CSO actors such as the Centre for Civil Society Promotion (CCSP), the Mozaik Foundation, the Youth Employment Project (YEP), the Social Inclusion Foundation in Bosnia and Herzegovina (SIF in BiH), and others are actively creating support infrastructure. Many of the provided services lack a coherent and coordinated strategy which negatively reflects on the individual projects. The emergence of SE networks presents an opportunity for peer-support, advocacy and increased visibility. It is crucial for these networks to build shared ownership and self-sustainability. The SE actors have to build trust and coordination mechanisms to join forces rather than overlap.

### 3. DESCRIPTION OF THE ACTION

#### 3.1. Planned results and intervention logic

**If** new, *post-pandemic ALMM, centred on labour supply and matching*, is developed and targeted groups supported for better access to formal employment in view of a future, 'green and digital' economy; *social entrepreneurship policy and legal framework set up, and existing SE ecosystem further strengthened through additional funding, and established systems of social service delivery (institutional and non-institutional) for support of vulnerable groups affected by the pandemic strengthened*, and **all of the assumptions**, including the improvement in health situation in Europe and in the rest of the world during the second half of 2021 allows for gradual rebound in the economic activity, leading to an increase in the activities of the exporting companies and prevention of significant drop of foreign direct investment and remittances **hold true, this will lead to:** (Outcome 1) post pandemic employment being facilitated and access to labour market fostered, and (Outcome 2) vulnerability of targeted groups decreased, their socio-economic independence and wellbeing fostered post pandemic **because** they will facilitate and support an increase in number of employed persons in BiH, and increased support for the most vulnerable across targeted categories.

**If** post pandemic employment is facilitated and access to labour market fostered in support of an increasingly resilient regenerative / circular economy, and vulnerability of targeted groups decreased, and their socio-economic independence and wellbeing fostered post pandemic, **and assumptions hold true, then the actions will contribute to the mitigation of negative social consequences of the COVID-19 pandemic in BiH and support a green and digital socio-economic recovery.**

#### 3.2. Indicative type of activities

##### *Sub-Sector 1: Employment – Indicative Activities*

###### **A. Active labour market measures**

→ Labour supply: **upskilling, reskilling and training, on-the-job training and classroom training.**

The objective is to increase inflow into employment, increase productivity and job-matching quality post pandemic. Upskilling and training is particularly relevant for those potentially losing their jobs and those already unemployed –

employment after redundancy seems the most relevant at this point in time (this incorporates apprenticeships and work experience). Cooperation with secondary schools and businesses through BiH will also be strengthened through a targeted set of measures<sup>39</sup>. The exact content of ALMM will be defined through Terms of References, in cooperation with PESs).

While fully taking into account post pandemic realities related to labour supply, the ALMM will, *inter alia*, build on relationships between vocational schools and employers, reflecting real time labour market needs. In addition, a specific set of ALMM will be developed and implemented to facilitate to green transition in BiH. These ALMM will target both employment and self-employment for recycling, green energy, organic farming, nature parks sustainability, etc. Moreover, support **for skills upgrade and skill for jobs of the future** (especially among young people) to relate to fast-growing industries (ICT industry, tourism sector, etc.) will be provided.

This measure is linked to competitiveness and education sector reforms as upskilling should be based on the assessment of needs of priority/high potential industries. A link with AD 2021 Private Sector Development activities needs to be ensured, especially as it relates to training of women and youth entrepreneurs of innovative businesses and start-ups.

→ Labour matching: job search (**public employment services**), employer intermediation services, counselling and monitoring.

The objective is to improve job search efficiency and improve inflow into employment. Job search assistance programmes are better suited as a part of medium-term measures post crisis. The Actions identified by the sub-groups include measures that can help prevent a lost generation by mitigating the expected rise in unemployment with interventions targeted both at individuals and businesses.

The activity will focus on providing intermediary services and counselling for the targeted groups (*see below*). In addition, a focused capacity building of PES to facilitate implementation of green transition ALMMs through EU best practices is envisaged, as well as a module on EIP YG to increase their capacities to support YG Action Plan Implementation.

**Target groups for both activities should, *inter alia* include:** (i) youth, (ii) women, (iii) long-term unemployed persons - registered for 12 months and longer; (iv) vulnerable categories of unemployed, such as persons with disabilities, Roma, victims of domestic violence, (v) persons with low qualifications - secondary education and lower qualifications; and (vi) persons with the most numerous occupations on PES records.

Assistance will be provided as a combination of: **(i) technical assistance and (ii) grants.**

#### ***Sub-Sector 2: Social – Indicative Activities***

##### **B. Support for established systems of social services delivery (both institutional and non-institutional)**

→ Social Services Centres – capacity building of social service workforce, including in the area of crisis, pandemic response and recovery;

→ Supporting institutions for vulnerable groups affected by the pandemic, such as (i) public kitchens/other providers of assistance for the most vulnerable, (ii) support for victims of domestic violence and human trafficking.

Under the envisaged indicative activity (ii), a detailed country-wide needs assessment should be carried out. ***Sigurne kuće (Safe Houses)*** framework should also be assessed, including options for support thereof (legal framework definition and financial assistance/sustainability). Support should be provided for programs related to the implementation of the *Laws on Protection from Domestic Violence*, such as support for the implementation of psychosocial treatment with perpetrators of domestic violence, work with victims and families, etc.

##### **C. Social Entrepreneurship**

→ Activities will focus on supporting **the SE system in BiH through** technical assistance for: (i) support with policy, legal and institutional framework and coordination mechanisms, (ii) capacity building for existing SEs

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<sup>39</sup> Within the RS Employment Bureau operate Centres for Information, Counselling and Training, that provide young unemployed persons and long-term unemployed persons with counselling, information, and training services (CISO) for active job search to the purpose of faster employment, through both individual and group work. The CISOs continuously conduct activities with primary and secondary schools' students of final grades who need professional orientation/career guidance services.

and support mechanisms for new SEs, and (iii) funding through grants<sup>40</sup>, with particular focus on pioneer SE in areas related to innovation, technological transfer and eco- businesses.

**D. Support for the implementation of Action Plan for Roma 2021-2025**

Specific measures that will be the focus of the assistance expected to be as follows:

- Strengthening support, coordination and monitoring system of the Action Plan, thereby reducing discrimination against Roma and Roma women and combating ‘anti-Gypsism’;
- Improving and increasing employment opportunities for Roma population (employment component)
- Facilitation of social measures envisaged through the Action plan: *Study on Safe and Sanitary Condition in Roma Settlement*, to serve as an input for housing measures of the Plan; and
- Development of a *Study on Access to Health Services of Roma*, covering issues of immunisation, new-born mortality, malnourishment of young children, index of growth and development, etc. This will serve as an input for health measures of the Plan.

The assistance will be provided through **technical assistance and grants**. In further defining all activities, findings and recommendations of the *EU Analysis of Structure of Vulnerable Categories* (expected publication date August 2021), should be considered.

**3.3. Risks and assumptions**

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Inability to implement some activities because of the worsening situation caused by the COVID-19 pandemic or following the pandemic	M	If the COVID-19 epidemic does not retreat in BH and further threatens society and business community in BiH, as well as governmental and non-governmental sector, an alternative to an already designed activities to continue appropriate interventions under this Action will be considered. Regarding delivery of the technical assistance, including training, if deemed necessary, an online delivery will be ensured.
Limited number of staff in beneficiary government institutions and heavy workload, evident throughout 2020 due to additional activities caused by the pandemic.	M	Ensure that a <u>dedicated department (including staff)</u> is identified in all beneficiary and coordinating institutions during the process of ToR drafting, and that they are made aware of their roles in the implementation.
Lack of absorption capacity of key beneficiaries across the three sectors.	L	To make the beneficiaries capable of absorbing the assistance, the action foresees capacity building trainings. The selection criteria for non-governmental beneficiaries will also consider their capacities to for implementing the support measures.
Unfavourable macroeconomic trends and incidents at BiH and global level negatively affect private sector in BiH, as well as envisaged grant beneficiaries and prevent full achievement of Action indicators	M	All Action’s internal M&E systems will closely monitor all relevant economic and political developments that make have an impact on its results as measured through indicators. Any critical trend will be reported to the Contracting Authority for consideration, and mitigation measures will be decided <b>(See Section 5)</b> .
<b>Assumptions</b>		
<b>Outcome related</b>		
→ The improvement in health situation in Europe and in the rest of the work during the second half of 2021 will allow gradual rebound in the economic activity, increase in the activities of the exporting companies and prevention of significant drop of foreign direct investment and remittances.		

<sup>40</sup> During the process of definition of Terms of References for this specific intervention, grant scheme definition should consider the feasibility of setting up the grant fund to include local contribution to funding.

→ The adopted COVID-19 government measures have the potential to restore the vitality of the economy and mitigate the negative socio-economic impact of the pandemic.

#### **Output related**

- An in-depth analysis of the labour market pre and post COVID-19 will be prepared by the BiH Agency for Labour and Employment, with support from the Regional Cooperation Council.
- Government authorities at all levels in BiH demonstrate good coordination with relevant stakeholders and support the implementation of the action.
- All stakeholders support each other and cooperate.

### 3.4. Mainstreaming

#### *Gender Equality*

**Gender Action Plan of BiH 2018-2022 (GAP)** is a framework strategic document for inclusion of the principle of gender equality in key areas of reform. It is in line with EU's strategic framework for gender equality. GAP includes specific measures and activities to be implemented in the areas relevant for W4: employment and social protection under **Strategic Goal 1** – Development, implementation and monitoring of the programme of measures for advancement of gender equality within governmental institutions. GAP also identifies problems of vulnerable and hard-to-employ groups such as Roma, people with disabilities are emphasised, and actions to mitigate them are outlined. In addition, GAP outlines the health sector as one of the priority areas, *stating that developing gender-accountable access to health care for both healthcare users and service providers is an imperative for all levels of authority*. Under **Priority I.3.:** Work, employment and access to economic resources, GAP, *inter alia*, calls on all levels of government in BiH to develop and implement programs and measures that provide targeted assistance for women's entrepreneurship through start-ups and further business development, as well as to improve the position of women in rural development.

The situation assessment outlined in the GAP 2018-2022 that compared BiH with several countries in the region confirms similar trends on gender equality. However, it is BiH that has the lowest level of women's participation in the labour market. According to the data from the Labour Force Survey in the second quarter of 2020, out of the total active population, 60,8% are men and 39,2% are women. In the total number of inactive persons, 37,8% persons are men and 62,2% persons are women. Out of the total number of employed persons 62,2% persons are men and 37,8% persons are women, while out of the total number of unemployed persons 53% persons are men and 47% persons are women.<sup>41</sup> Women in BiH face multiple barriers in the labour market, such as longer waiting time for a first job, lengthy gaps in the years of service due to maternity leave or care of elderly or sick members of the family, inability to re-enter labour market due to age, etc. Especially vulnerable categories include internally displaced women, rural women and Roma women. This Action will contribute to improving employment opportunities of these groups and foster gender equality in BiH.

This Action will contribute to **Gender Equality and Women's and Girls'** empowerment and EU strategic framework in this area<sup>42</sup>. It will promote their economic, labour and social rights and facilitate a process of analyses and application of gender and sound evidence-based policies. Crises such as COVID-19 affect women and men, girls and boys, in all their diversity, in different ways. Efforts in a post-pandemic recovery should aim to integrate gender-equality perspective in all the measures taken to foster better employment, social protection, inclusiveness and health care of women and girls, leading to their empowerment. Evidence shows that women are disproportionately more exposed to health and socio-economic risks and face an increase in sexual and gender-based violence due to the confinement policy and essential ecosystem services. The Action will ensure that planned interventions include an adequate response to the impact of the COVID-19 crisis on women and girls, but also men and boys in all their diversity in different sectors.

#### *Human Rights and Engagement with Civil Society*

The pandemic is a particular test for human rights and respect of democratic values, as COVID-19 socio-economic consequences have a growing negative impact on **human rights**, and are deepening pre-existing inequalities, especially

<sup>41</sup> Source: BHAS, Labour Force Survey -II quarter 2020

[http://www.bhas.ba/data/Publikacije/Saopstenja/2020/LAB\\_00\\_2020\\_Q2\\_0\\_BS.pdf](http://www.bhas.ba/data/Publikacije/Saopstenja/2020/LAB_00_2020_Q2_0_BS.pdf)

<sup>42</sup> *The Gender Equality Strategy 2020-2025* of the European Commission sets out a vision, policy objectives and actions to make concrete progress on gender equality in Europe and commitment to women's and girls' rights and the reference to the Sustainable Development Goals in particular to SDG 5 as a key framework for the Gender Equality Strategy. It, *inter alia*, focusses on closing gender gaps in labour market and achieving equal participation across different sectors of the economy.

amongst vulnerable categories. In light of this, all actions need to ensure that particular focus is paid to investing in human rights in a horizontal manner in order to create more resilient and inclusive societies (**Rights based approach**). This Action will ensure that there will be no discrimination of vulnerable categories. In addition, it will ensure that women's rights are fostered through a dedicated use of some of the available resources. The SE interventions will greatly contribute to ensuring that the basic human rights of vulnerable categories are fostered and upheld. In October 2019, the Council of Ministers of BiH adopted the *Information and the Guide for Taking Effective Measures to Prevent Gender-based Harassment and Sexual Harassment in the Workplace in BiH Institutions*. In addition, the Council of Ministers of BiH has requested that relevant institutions adopt a *Decision on Zero-Tolerance Policy for Sexual Harassment and Gender-based Harassment*, as well as to adopt advisors who should tackle these issues. In total, 46 State level institutions (70%) have fulfilled this request. The remaining institutions are expected to comply by mid of 2021.

The framework regulations on **public-CSO** cooperation and overall legislative environment on civil society in BiH should be strengthened further by enabling a more systematic participatory approach. Although there are formal arrangements for CSO's participation, the CSOs are still not sufficiently involved in law and policy making processes. Systematic and inclusive mechanism for consulting civil society should be further strengthened. The Action aims to promote CSOs active and systematic democratic participation in policy and legal processes, as relevant for its activities. This will be done, *inter alia*, by supporting the establishment of a sustainable partnerships between local and central authorities and CSOs, by building awareness on cooperation and encouraging sustainable dialogue. It will also promote social inclusion and accelerate disadvantaged groups access to services.

**BiH Roma Problem-Solving Strategy (2005)** stresses non-discrimination of Roma and raises awareness of the necessity for inclusion of Roma in all social processes in BiH. The implementation of actions and measures proposed in the strategy aims to bring about an overall improvement of the social status of the Roma community in BiH. This is to be done primarily through improvements in housing, employment, standard of living, and social security and health care. To this end, two specific Action Plans have been developed: 1. *Action plan of Bosnia and Herzegovina for addressing Roma issues in the fields of employment, housing and health care (2017-2020)*, and 2. *Framework Action Plan on Educational Needs of Roma (2018-2022)*. Both the Strategy and the two Action Plans overall and specific objectives, as well as outlined activities are in line with W4 overall objective, with focus on social inclusion and employment. TP1 calls for addressing social, employment and health access issues of minorities, including Roma communities, through financial support, which is in line with the actions and measures related to overall improvement of the social status of the Roma community in BiH, improvement in employment, social security, health care, as proposed in the strategy and the two Action Plans.

The revised **BiH Strategy for the Implementation of Annex VII of the 2010 Dayton Peace Agreement** is currently being updated by the MHRR. It assessed progress in ten target areas: reconstruction of housing units for refugees, displaced persons and returnees, closing of collective centers and resolving the issue of alternative accommodation for displaced persons and returnees and social housing with special emphasis on the problems of displaced persons and refugees and housing of vulnerable categories of returnees, completion of the process of restitution of property and tenancy rights of refugees, displaced persons and returnees, electrification of returnee settlements and housing units of returnees, reconstruction of infrastructure in places of interest for return of refugees, displaced persons and returnees, health care of displaced persons and returnees, social protection of displaced persons and returnees, implementation of the right to education of displaced persons and returnees, right to work and employment of displaced persons and returnees, the security of displaced persons and returnees and the demining of areas of return, and the right to compensation for displaced persons, refugees and returnees. BiH continues to work on ensuring the implementation of the Strategy across the ten dimensions.

#### *Environment and Climate Change*

Environmental and climate action mainstreaming of this Action will be based on alignment with the European Green Deal, wherever feasible in the context of BiH. The objective is to ensure sustainability of the Action in the long term. Environmental policy impacts society in a number of ways, including in the three **sub sectors covered by this Action**. **Conversely, social factors and changes affect environmental quality. Groups in societies can create environmental problems through excessive consumption of good and services. Actions envisaged under the two components, inter alia, aim to reduce negative environmental processes: e.g. upskilling and training of people to support and generate sustainable jobs and economic activities, in line with European Green Deal priorities.**

### 3.5. Conditions for implementation

In addition to several assumptions that need to hold true for the Action to be implemented successfully, there are no conditions that need to be met to ensure the success of delivery of Action.



### 3.6. Logical Framework

Results	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (year)	Targets (year)	Sources of data (1 per indicator)	Assumptions
<b>Impact</b>	To contribute to the mitigation of negative social consequences of the COVID-19 pandemic in BiH and support a green and digital socio-economic recovery	Composite indicator on the readiness of candidate countries and potential candidates on fundamental areas of the economic criteria (functioning market economy and competitiveness)	2018 (2.3)	2013 (Increase)	European Commission Eurostat	<i>Not applicable</i>
<b>Outcome 1</b>	Post pandemic <b>employment</b> facilitated and access to labour market fostered in support of an increasingly ‘resilient’/ ‘regenerative’/ ‘circular’ economy.	Number of <u>newly</u> defined and implemented ALMM programmes  Number of the employed persons disaggregated by ‘green’ jobs.	2020 (0)  2020 (0)	2025 (20)  2025 (600) <sup>43</sup>	PES reports and contracts;  Administrative data (including tax authorities)	The improvement in health situation in Europe and in the rest of the world during the second half of 2021 will allow gradual rebound in the economic activity, increase in the activities of the exporting companies and prevention of significant drop of foreign direct investment and remittances; The adopted COVID-19 government measures have the potential to restore the vitality of the economy and mitigate the negative socio-economic impact of the pandemic.
<b>Outcome 2</b>	<u>Vulnerability</u> of targeted groups decreased, their <u>socio-economic independence and wellbeing</u> fostered post pandemic	<u>Percentage</u> of the most vulnerable, pandemic hit, persons across all targeted categories supported <sup>44</sup>	2020 (0)	2025 (5%)	Competent entity and cantonal ministries; Administrative data; Programme reports	Data from the <i>EU Analysis of Structure of Vulnerable Categories</i> to serve as input for definition of scope/size of the target group.
<b>Output 1 related to Outcome 1</b>	New, post-pandemic ALMM: <b>labour supply and matching</b> , developed and	<u>Number</u> of upskilled and additionally trained persons within targeted groups, with focus on	2020 (0)	2025 (1800)	PES records and contracts;	An in-depth analysis of the labour market pre and post COVID-19 will be

<sup>43</sup> Monitoring of employed over a period time beyond the target year (retained employment) through evaluation of implemented ALMM should be considered at a next stage of Action development.

<sup>44</sup> The definition of the most vulnerable categories needs to be aligned with the **European Social Charter** (revised), of which BiH is a signatory. This will be done during the Inception Phase.

	targeted groups supported for better access to formal employment <b>in view of a future, ‘green’ and ‘digital’ economy.</b>	<p>long term unemployed<sup>45</sup>, youth, women, Roma<sup>46</sup>, and persons with <i>disabilities disaggregated for ‘green’/‘digital’ skills.</i></p> <p>At least <b>30%</b> of beneficiaries of ALMM acquired a decent job, which allow them to earn for their living (<b>minimum 50%</b> are women) disaggregated on green jobs</p> <p>Increase in the number of <u>employable Roma - active job seekers, registered in the unemployment register</u></p> <p>Number of trainings on upskilling, reskilling on job training, and counselling provided in the PES</p>	<p>2020 (0%)</p> <p>2017 (3,278)<sup>47</sup></p> <p>2020 (0)</p>	<p>2025 (30% of total)</p> <p>2025 (4,100)</p> <p>2025 (100)</p>	<p>Entity Funds for Professional Rehabilitation and Employment of Persons with Disabilities;</p> <p>Labour Force Survey;</p> <p>Programme reports</p>	<p>competed as an input for NA.</p>
<p><b>Output related to Outcome 2</b></p>	<p>Social entrepreneurship policy and legal framework set up, and existing SE ecosystem further strengthened through additional funding</p>	<p>SE policy (including coordination) and legislative framework exist</p> <p>Number of grants provided to SE, for the purpose of, <i>inter alia</i>, employment of Roma and vulnerable women</p> <p>Number of <u>social service users</u> who are no longer at risk of extreme poverty through benefiting from the SE ecosystem</p>	<p>2020 (0)</p> <p>2020 (0)</p> <p>2020 (0)</p>	<p>2025 (1)</p> <p>2025 (100)<sup>48</sup></p> <p>2025 (100)</p>	<p>Competent ministries reports’; Programme reports;</p>	

<sup>45</sup> Unemployed for at least one calendar year.

<sup>46</sup> At present the employment rate of Roma in BiH is 11% vs. the Poznan Declaration target of 25%

<sup>47</sup> At present, there are 5500 working age Roma who are unemployed and not registered with PES.

<sup>48</sup> Based on the estimate of EUR 25,000 for each grant. This should be considered a bracket figure to allow for a more adequate and appropriate range to be determined at a later stage.

Output related to Outcome 2	Established systems of social service delivery (institutional and non-institutional) for support of vulnerable groups affected by the pandemic strengthened	Number of capacity building activities of Centres for social service	2020 (0)	2025 (30)	Centres for Social Work Reports;
		Percentage increase of targeted families supported through Centres for social services	2020 (0%)	2025 (5%) <sup>52</sup>	Programme reports;
		Number of grants provided to public kitchens/other providers of assistance for the most vulnerable throughout BiH	2020 (0)	2025 (20)	Reports on implementation of the <i>Strategy on Prevention and Protection against Domestic Violence</i> ;
		Number of developed and implemented programs related to the implementation of the <i>Laws on Protection from Domestic Violence</i>	2020 (0)	2025 (10) <sup>53</sup>	Ministry of Interior Reports;
		Number of victims of human trafficking assisted <sup>49</sup>	2020 (100*) <sup>51</sup>	2025 (180)	BiH Ministry of Security Annual Report on Human Trafficking in BiH;
		Number of <i>Safe Houses</i> supported to accommodate victims of domestic violence and human trafficking	2020 (0)	2020 (8) <sup>54</sup>	Report on implementation of <i>Action Plan for Roma 2021-2025</i>
		Number of social measures <sup>50</sup> of <i>Action Plan for Roma 2021-2025</i> supported	2020 (0)	2025 (3)	

<sup>49</sup> Total number of recorded victims in 2020 was 679.

<sup>50</sup> Measures to be supported include Studies on safe and healthy living; and access to health.

<sup>51</sup> This is an estimate. 48 victims of human trafficking have been helped and support in the period January-June 2020 (Source: BiH Ministry of Security)

<sup>52</sup> This is an estimate. MCA will provide agreed figure following consultation with relevant entity ministries.

<sup>53</sup> This is an estimate. The exact number of programmes and measures will be provided by entity gender centres, who oversee the implementation of the two entities' laws through monitoring of the implementation of entity strategies for prevention and reduction of domestic violence. Measures, *inter alia*, consist of public campaigns, capacity building, training and support for Safe Houses. Entity Gender Centres to provide 2025 indicator.

<sup>54</sup> A total of 679 victims of domestic violence and human trafficking have been accommodated in *Safe Houses* in 2020.

## 4. IMPLEMENTATION ARRANGEMENTS

### 4.1. Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with a partner country.

### 4.2. Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>55</sup>.

#### 4.2.1. Indirect management with an entrusted entity[ies]

A part of this action may be implemented in indirect management with an entity which will be selected by the Commission's services using the following criteria: a) financial and operational capacity of the applicant; and b) technical capacity, such as experience in the preparation and implementation of joint capacity building and similar projects; experience in managing large and complex programmes or projects related to the results, experience in the implementation of similar projects, relevant expertise in dealing with the EU and documented capacity to mobilise relevant networks in the EU Member States, BiH and the region, etc.

This implementation entails the following: **Outcome 1 - Employment and Outcome 2 - Social**

**Outcome 1 – Employment** - The Contribution Agreement would (a) provide technical assistance for activities related to Output 1; and (b) manage grants under Output 1.

**Outcome 2 Social** – The Contribution Agreement would (a) provide technical assistance for activities related to Outputs 1 and 2, and (b) manage grants under Outputs 1 and 2. A selection of domestic partners in BiH to implement activities related to Outcome 2 based on grants should be considered

It is foreseen that the Action under Outcome 1 and Outcome 2 will each be implemented through a separate agreement with an entity.

If negotiations with the entrusted entity fail, that part of this action may be implemented in indirect management with other alternative entity which shall be selected by Commission services using the same selection criteria as above.

In case the envisaged entity would need to be replaced, the Commission's services may select a replacement entity using the same selection criteria given above. If the entity is replaced the decision to replace it needs to be justified.

If negotiations with the entrusted entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 4.3.8

#### 4.2.2. Changes from indirect to direct management mode (and viceversa) due to exceptional circumstances (one alternative second option)

Implementation under Direct management may be used as an alternative modality for the part of this action that is planned to be implemented in indirect management, in case this preferred modality cannot be implemented due to circumstances outside of the Commission's control.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 4.1.1 and 4.3.3. Specifically the Technical Assistance components of the action will be implemented by service contracts (indicative amount of EUR 1 000 000 for Outcome 1 and Outcome 2) and the Grant component will be implemented through grants in direct management (indicative amount of EUR 4 000 000 for Outcome 1 and EUR 6 500 000 for Outcome 2).

### 4.3. Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution, in EUR</b>
<b>Outcome 1 Employment</b>	<b>5 000 000</b>	N/A

<sup>55</sup> www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

<b>Output 1.1</b> New, post-pandemic ALMM: <b>labour supply and matching</b> , developed and targeted groups supported for better access to formal employment <b>in view of a future, ‘green’ and ‘digital’ economy</b> , composed of		
Indirect management with entrusted entity Outcome 1, Output 1.1 (c.f. 4.2.1)	5 000 000	
<b>Outcome 2 – Social</b> Output 2.1. Social entrepreneurship policy and legal framework set up, and existing SE ecosystem further strengthened through additional funding and Output 2.2. Established systems of social service delivery (institutional and non-institutional) for support of vulnerable groups affected by the pandemic strengthened, composed of	<b>7 500 000</b>	N/A
Indirect management with entrusted entity Outcome 2, Outputs 2.1 and 2.2.(c.f. 4.2.1)	7 500 000	N/A
<b>Indirect management with entrusted entity - total envelope</b> (cf. section 4.3.4)	<b>12 500 000</b>	N/A
<b>Evaluation, (cf. section 5.3)</b>	will be covered by another decision	N/A
<b>Audit/Expenditure verification(cf. section 6)</b>	will be covered by another decision	N/A
<b>Communication and visibility (cf. section 7)</b>	N/A	N/A
<b>Contingencies</b>	N/A	N/A
<b>Contingencies</b>	N/A	N/A
<b>TOTAL</b>	<b>12 500 000</b>	0

#### 4.4. Organisational set-up and responsibilities

This is a multi-sectoral action, composed of sub sector targeted assistance in the following two areas of support: (i) employment, (ii) social sector. The implementation arrangements need to be made across the two sectors, with responsibilities clearly defined to ensure full achievement of Action’s indicators. For the two sectors, please refer to *Description of main stakeholders in section 2.2.* for a detailed outline of the coordinating system. In essence, the Action will use *the inter-institutional working method* to steer the delivery of support.

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. Furthermore, if deemed necessary, additional technical *Working Groups of experts*: representatives of institutions or organisations, will be established for a specific tasks and activities. Given many institutions in the sector, as well an extensive number of activities, *Steering Committees* will be at the centre of ensuring efficiency, effectiveness of implementation of this Action. The role of each structure defined above will be identified to avoid overlapping of the leadership and avoid potential conflict.

**Employment sector:** The coordination systems, as outlined in *Section 2.3.* are the same coordination systems that will be used for coordination on activities envisaged under this Action. It will be instrumental to ensure that all activities are implemented in a harmonised and consistent measures all levels throughout BiH. **Social sector:** Coordination in social sector remains a challenge, but some coordination exists as outlined in *Section 2.3.* Further efforts will need to be made to improve this coordination in time for it to allow it to be used for the successful implementation of this Action.

## 5. PERFORMANCE/RESULTS MONITORING AND REPORTING

### 5.1. Internal monitoring

The Action’s internal result-based monitoring system(s) will be set up and will be us to facilitate systemic and close monitoring of all defined indicators to ensure full achievements *thereof*. The internal monitoring needs to be carried out by staff with certified competencies in the domain of monitoring and evaluation. Given the specific nature of the assistance to be provided under this Action, i.e. *its aim to contribute to mitigating negative socio-economic*

*consequences of COVID-19 pandemic*, particular attention will also be paid to closely monitoring all relevant economic and political developments, that may have an impact on results as measured through indicators. **Basis for the monitoring system is the Action's LFM with its underlying indicators for specific Outcomes and Outputs.** LFM will be used as a management tool. The purpose of the monitoring, will, *inter alia*, be to adjust and revise Outputs, activities and indicator level, should there be need, in order to effectively achieve the expected Outcomes.

It is expected that the implementing partners for the Outcomes 1 and 2 will be responsible for monitoring the implementation of action, in close cooperation with the stakeholders. Furthermore, several structures to facilitate monitoring of success of grants schemes that will be provided, may be set up. Field visits are seen particularly important in this respect.

### 5.2. Roles & responsibilities for data collection, analysis & reporting

The line ministries and institutions at the State level will be responsible for data collection, analysis and reporting through monitoring implementation of activities and achievements of results in line with allocated responsibilities in sub sectors as outlined in *Section 2*. Data will be generated from several sources. The BHAS, in cooperation with entity statistical offices, and DEP, in cooperation with entity ERP coordinators, will be the main providers of published, official data for the three sub sectors. There are several other important data providers, as outlined in LFM, that will play a role in data collection.

Given well documented challenges for availability of a consistent, countywide data for BiH, the Action will have to rely on Action's internal capacities for data collection, analysis and reporting. Data will be used for Action's steering as well as regular reporting.

It is important to note that activities and result monitoring related to the implementation of all grants envisaged under this Action can only be designed in detail once the grant scheme and criteria are redeveloped and the recipients selected. Once projects/grant recipients are selected for funding, **baseline studies** will be carried out to feed differentiated data in the LFM. During the implementation of the Action, a variety of tools and methods should be used and applied regularly to assess both qualitative and quantitative indicators. Given **the targeted recipient groups as well as the expected impact for this Action**, this should include amongst other, gender disaggregated data and documentation, comparative and retrospective surveys, as well as focus group discussions. Every effort should be made for data to be harmonised for a country-wide presentation of indicators, ideally disaggregated by sex, age and disadvantaged groups to better track and monitor the success of the Action against its expected Outcomes and impact.

### 5.3. Evaluation

Having regard to the nature of the action, a mid-term and/or final evaluation will not be carried out for this action or its components.

In case an evaluation is not foreseen for some action's components, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

Evaluation services may be contracted under a framework contract.

The financing of the evaluation shall be covered by another measure constituting a financing Decision.

The Action may benefit from two mid-term and one final evaluation of the results planned to be undertaken by the entities

## 6. AUDIT

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

It is foreseen that audit services may be contracted under a framework contract.

## 7. COMMUNICATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force.

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the national administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, *inter alia*, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegation. The European Commission and the EU Delegation should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

If the Action includes Union programmes, visibility and communication measures shall be implemented in accordance with the EU communication and visibility requirements in force and the specific rules of each Union programme. The relevant programme managing entity shall be responsible for monitoring the visibility and communication activities. The European Commission and the EU Delegation should be fully informed of the planning and implementation of the specific visibility and communication activities.

## 8. SUSTAINABILITY

The nature of this Action is quite specific, in the sense that it focuses primarily on addressing and mitigating immediate negative socio-economic effects of COVID-19 pandemic. As such, some of its benefits and results, which are presented in outputs and outcomes in the LFM **are only meant to be short term in nature**. This is something that needs to be recognised when assessing the sustainability of the Action.

For these, the long-term extent of sustainability benefits, such as the level of ownership of the beneficiaries, their institutional management capacities, will have to be considered as a by-product. Some impact will be seen in this respect, through beneficiaries' capacities being built through direct participation in contributing to implantation of the short-term measures envisaged by the Action.

Furthermore, given that the Action has partially been designed to address a massive financial gap that BiH faces (*See section 2.2. – Problem analysis*), BiH authorities are not in a position to provide any additional resources for the Action. It is uncertain whether the beneficiary institutions themselves will be able to commit any substantial resources for the maintenance of the results once the Action is completed. It is therefore, of utmost importance to revisit the sustainability issues during monitoring of the implementation of the Action, ideally already during the first mid-term evaluation.

Notwithstanding, there are a number of envisaged Outputs under Outcome 1 and 2 where sustainability of the Action will be ensured. More specifically, Output 1, under Outcome 1, *inter alia*, focuses on building the capacities of the public employment services for development and provision of short term ALMM, that will by default improve their medium-term institutional capacities. Output 2 under Outcome 2 focuses on further building capacities of social service providers to be able to support the most vulnerable groups in society following the pandemic, while also strengthening and improving their institutional management capacities and ownership in medium term.