

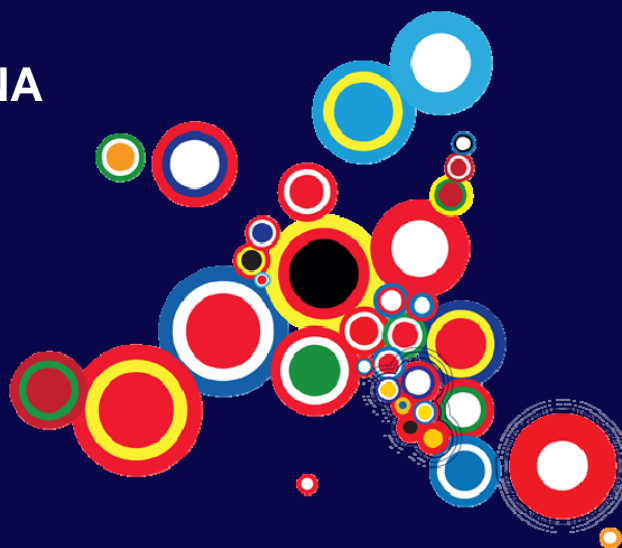


INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

BOSNIA AND HERZEGOVINA

2016

Support to Employability



Action summary

The Action is contributing to increased employability in Bosnia and Herzegovina by its two-fold approach to improvement of the quality and effectiveness of labour market institutions, on one hand, and the education systems in BiH, on the other.

The labour market institutions will improve their capacity for a modernised service delivery focusing on individual, comprehensive approach to job seekers and their more effective positioning in the labour market. The Action is also focused on institutional as well as on human capacity developments aiming the effective mediation between job seekers and employers.

The education systems in BiH will be supported by the Action towards their enhanced responsiveness to the labour market demands including increased internal and external labour force mobility. The Action seeks also to strengthen human capacity in education sector.

Action Identification			
Action Programme Title	Annual Action Programme on Bosnia and Herzegovina for the year 2016		
Action Title	Support to Employability		
Action ID	IPA 2016/037-889.9/Bosnia and Herzegovina/Employment		
Sector Information			
IPA II Sector	Education, employment and social policies		
DAC Sector	16020 - Employment policy and administrative management		
Budget			
Total cost	EUR 5 100 000		
EU contribution	EUR 5 100 000		
Budget line(s)	22.020102		
Management and Implementation			
Management mode	Direct management		
<i>Direct management:</i> EU Delegation	EU Delegation to Bosnia and Herzegovina		
Location			
Zone benefiting from the action	Bosnia and Herzegovina		
Timeline			
Final date for concluding Financing Agreement(s) with IPA II beneficiary	At the latest by 31 December 2017		
Final date for concluding procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 189(2) of the Financial Regulation		
Final date for operational implementation	6 years following the conclusion of the Financing Agreement		
Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement		
Policy objectives / Markers (DAC form)			
General policy objective	Not targeted	Significant objective	Main objective
Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	x
Aid to environment	x	<input type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
Trade Development	x	<input type="checkbox"/>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
RIO Convention markers	Not targeted	Significant objective	Main objective

Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

The main challenges of the **labour market** in Bosnia and Herzegovina (BiH) are a high unemployment rate 27.7% (25.8% for men and 30.7% for women)¹, inactivity of the working age population, high percentage of youth unemployment 62.3% (59.5% for men and 67.3% for women),² low labour demand, limited capacity of institutions and employment offices and low labour mobility between regions, cantons in the Federation of Bosnia and Herzegovina (FBiH), between FBiH, Republika Srpska (RS) and Brcko District of BiH (BD BiH).

The capacity of **Public Employment Services (PESs)** to provide professional and quality service to clients, primarily to the unemployed and the employers, needs to be further developed. PESs are in the process of reforming their tasks in order to improve their intermediary activities with clients. The reforms are not only slowed by the high unemployment rate, but also by the ratio between the number of officers working on mediation in employment and the number of unemployed persons, which is 1:1300 (EU target is 1:300). The number of unemployed includes active and non-active job seekers, which requires tools to make distinction between them and allow an accurate estimate of the mentioned ratio.

There are 137 PESs on local level in addition to Employment Institutes in FBiH, RS and BD BiH. PESs have already received some **trainings on mediation and advisory work** with clients, which helped in improvement of service delivery with more focus on clients, not only on administrative tasks. However, in spite of existence of so many PESs in BiH there is little evidence that they are able to assist effectively unemployed persons to obtain jobs. Therefore, an in depth analysis of their capacities to provide effective employment services for unemployed will be conducted prior to start of this programme. This programme will build upon the recommendations resulting from the said analysis, which will compare existing capacities with necessary human resources and infrastructures. Current problems of labour market require further modernization and better service delivery, focusing on work with unemployed persons, employers, local community, education institutions and others. Information exchange about job vacancies between PESs at all levels is still missing, as well as awareness of employers of the possibility to make use of PESs' mediation services. This will allow addressing the current weak labour mobility within the country.

Monitoring the labour market needs in BiH is not satisfactory and relevant institutions (ministries for labour and employment institutes) and services in the employment sector have planned to upgrade their capacity with methods and tools to perform this task. In accordance with existing legislation and regulations, **active labour market policies (ALMPs)** are developed by the employment institutes of the entities and BD BiH, and implemented by the PESs. However, since high unemployment rate is a long lasting problem in BiH, there is a need to improve capacities of staff in PESs and employment institutes to analyse and monitor implementation of the existing active labour market measures, and consider the possibility to introduce new ones. This will contribute to better planning and targeting, and to introduce new measures which will reduce the unemployment rate in general and, in particular, for vulnerable groups.

Education in service of the employment is one of the key priorities for BiH authorities. A Quality Assurance System in VET has not yet been fully developed. Also, procedures and systems for recognition of informal and non-formal education have not been introduced yet and have still to be recognised by the labour market as a valuable instrument for matching what is delivered by the education systems with the market needs. Development of study programmes based on learning outcomes, is a key reform requirement of higher education. The creation of new curricula and study programmes is a tool for developing skills and competencies, which are required by the labour market and economy. The implementation of these priorities is closely linked to employability. In order to be able to adequately respond to reform processes in both labour market and education sectors, there is a need to establish a monitoring system which will track students after graduation in order to address the mismatch between education and labour and improve transition from education to work.

¹ 2015 BiH Labour Force Survey (LFS), BiH Agency for Statistics (BHAS)

² Ibid.

Career guidance, as another tool facilitating transition from education to labour, is practiced insufficiently, so the students do not have the needed information about the labour market needs prior to their enrolment in schools and universities and do not receive advice about future employment opportunities. Both sectors should address this problem by introducing adequate services in PESs, schools and universities.

Although **Lisbon Recognition Convention (LRC)** was ratified by BiH in 2003, and the relevant institution dealing with recognition of qualifications (Centre for recognition of qualifications in higher education) was established, the legislation in BiH is not fully compliant with the LRC and its subsidiary documents. Without adoption and implementation of all LRC provisions in relevant labour market and education institutions, the mobility of academic staff, students and labour force will remain difficult within BiH and abroad. Further activities regarding harmonisation of BiH legislation with LRC as well as training of relevant staff both in education and employment institutions to implement new provisions are needed.

BiH education sector needs to further develop quality assurance mechanisms as well as occupational standards in specific sectors in line with labour market needs. On-the-job trainings should be introduced in companies in order to improve practical skills of future labour force.

In the education sector, it is necessary to increase human capacities of decision makers, administrators and professionals in planning, statistics collection and analysis, which will improve policy planning, and contribute to develop more effective policies for education in service of employment. A system for monitoring the progress of reform process and implementation of strategies should be introduced. Also, due to the rapid development of new technologies and know-how there is a need for permanent in-service training of teachers, notably in VET, and academic staff. This entails provision of practical trainings that should take place in companies.

A systematic approach towards inclusion of socially excluded groups, such as long-term unemployed, unemployed youth, persons with disabilities and Roma, should be introduced. Special attention should be given to address their needs in education and employment during the implementation of the Action.

OUTLINE OF IPA II ASSISTANCE

THE SUMMARY OF THE MAIN EXPECTED RESULTS

Taking into consideration issues stated in the Section Problem and Stakeholder Analysis, the assistance provided under this Action will have three results:

- The capacity of the labour market institutions is strengthened;
- Responsiveness of the education systems to labour market demands in BiH is enhanced; and
- Human capacity in education sector is strengthened.

Increasing the capacity of the labour market institutions relates to improvement of the quality of work and service provision of PESs, carrying out labour market analysis, improving sustainability of employment and ensuring better matching labour market demands with supply.

In the area of education, the activities will focus on better employability also through further development of elements of Qualifications Framework in some levels of education. The following measures are envisaged: (i) establishment of quality assurance mechanisms and development of occupational standards in specific areas, (ii) recognition of professions and qualifications from non-formal and informal education (iii) harmonisation of legislation in BiH with the LRC, and (iv) supporting the professional and administrative development of educational staff, and (v) designing career guidance models in line with economic and labour market trends.

RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES

This Action will focus on two main priority areas: (i) employment, and (ii) educational reform in service of employment.

The **Indicative Strategy Paper (ISP) for IPA II for BiH for the period 2014-2017** states that the reform of the social sector and the education sector and employment is crucial for social and economic recovery of the country. In the sector of employment the aim of EU assistance is to strengthen the institutional capacity and define and implement active labour market measures. The expected result from ISP is a decreased number of unemployed, in particular youth unemployed, through institutional reform.

In line with this, activities within this Action are focused on the reform of labour market institutions and employment, education systems and development of active labour market measures in BiH. Further support is intended to ease the transition from school to employment.

BiH Report 2015 points out that the unemployment is still largely structural and remained high overall, while unemployment among women and young people rose, and that BiH should, in particular, urgently address high unemployment, notably youth unemployment, and provide effective support to job seekers. It states that competent institutions, agencies and coordinating bodies for both areas are actively working on the implementation of the existing strategies, action plans and priorities. In the area of education, the Report notes that there is a need to develop a more strategic approach to tackle deficiencies in the training and education system by effectively prioritising measures based on a mapping of the skills gap, taking into account the needs of the industry, especially SMEs.³ Hence, priorities in this Action are fully in line with BiH Report 2015 recommendations. Also, there is a common understanding by relevant ministries about the need to work on further reform of the sector.

Institutions in BiH, through the Foresight component of the FRAME Project, prepared a draft strategic document **Vision for Skills 2020 (Vision)**. The process of developing the *Vision* was preceded by preparations and consultations with key stakeholders in BiH. The *Vision* statement is defined in a way that takes into account the relevant strategic documents and reflects the principles of smart, integrated, inclusive and sustainable development underlined in the documents "**Europe 2020 Strategy**", and "**South East Europe 2020: Jobs and Prosperity in the European perspective**". The priorities identified in this Action are in line with *Vision*'s statement.

Three of the five measurable EU targets of **Europe 2020 Strategy** are related to the areas of employment, education and the fight against poverty. In line with *Inclusive Growth* pillar, this Action envisages a range of activities related to the modernisation of the labour market through increasing labour mobility and further developing skills and human capital potential in BiH, in order to increase labour force participation and ensure better convergence of labour supply and demand. *Smart, Sustainable and Inclusive Growth pillar* calls for measures to raise the overall quality of all levels of education and training in the EU, linking excellence and equality by improving the mobility of students and young professionals, and improving the opportunities for young people. Measures envisaged under this Action in the area of education are in line with these Europe 2020 Strategy priorities.

In the regional context, the **South East Europe 2020 Strategy**, and its *Employment Dimension*, includes the following priorities: labour mobility, labour market management and promotion of socio-economic activities. Emphasis is placed on increasing participation in high-quality education at all levels, with uninterrupted recognition of qualifications, as well as on ensuring that education and training are in accordance with the requirements of the labour market and economic needs. This is in accordance with activities identified in this Action.

³ BiH Report 2015, p. 35.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

A substantial number of projects have been implemented in the areas of employment and education, either through IPA funds, or with financial and technical assistance of other donors.

During the monitoring of the projects supported by donors in the areas of **employment**, it was concluded that it is necessary to organise both operational and strategic coordination meetings more frequently in order to ensure that there is adequate and timely exchange of information, identification of obstacles and discussion and agreement on solutions with relevant institutions and key stakeholders. This, in turn, will lead to a more successful implementation of projects. In addition, an assessment of the sustainability of projects should be carried out prior to their implementation.

The current IPA 2014 Local Employment Partnerships Project is a good example of work in this sector at the level of local community. The Youth Employment Project, supported by Swiss Agency for Development and Cooperation and Austrian Development Cooperation, provides assistance to youth to find an employment or develop start-ups.

In addition to the competent educational authorities' budgetary funds, specific reform activities in the area of **education** were funded to a great extent from donors' funds, particularly by the EU. In the past, donors focused their assistance on secondary VET, higher education and qualifications framework. Several recommendations about successful and sustainable implementation of projects in the education sector in BiH will be used by the relevant institutions and key stakeholders for the implementation of this Action. In particular, the methodology of work used in the EU and Council of Europe joint project "Strategic Development of Higher Education and Qualification Standards" will be used for future actions in the field of VET and lifelong learning.

An evaluation of IPA projects in this sector confirms that there is not enough cooperation between schools and the private sector and there is no opportunity for internships and learning practice. Teacher training is not standardised or adequately monitored and rewarded. Adult education is not carried out extensively, although some IPA projects made contribution to the training of teachers in VET. Overall, the evaluation demonstrated that the human capacity is still insufficiently developed, especially on the cantonal level in the FBiH, whose administration is very small. The situation in RS is slightly more favourable.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	
To create a more effective labour market in BiH.	Total employment rate (aged 15-64) increased	BiH Agency for Statistics (BHAS)	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
To improve the quality and effectiveness of labour market institutions and improve the link between education systems and the labour market needs.	Reduction of number of registered job seekers % of employed graduates following completion of secondary and tertiary education	BiH Agency for Statistics (BHAS)	<ul style="list-style-type: none"> Awareness of stakeholders regarding the opportunities and obligations stemming out of IPA II assistance
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>Result 1: The capacity of the labour market institutions is strengthened</p> <p>Result 2: Responsiveness of the education systems to labour market demands in BiH is enhanced</p> <p>Result 3: Human capacity in education sector is strengthened</p>	<ol style="list-style-type: none"> Number of developed procedures (manuals and instructions) to monitor active employment measures and labour market needs Number of Public Employment Services (PES) counsellors trained Number of professions and qualifications in informal and non-formal education recognised by BiH authorities Number of persons employed after successfully completing informal education and training programmes Number of procedures and laws in line with Lisbon Recognition Convention introduced or revised Number of career guidance centres and beneficiaries of their services % of Ministries of Education, Agencies for Education and Pedagogical Institutes analysing and monitoring the education reform process 	<p>Reports of Labour and Employment Agency of BiH, Federal Employment Institute of FBiH, Employment Institute of RS and Employment Institute of BD BiH</p> <p>Reports of labour market institutions and reports on the implementation of projects</p> <p>Reports of labour market institutions and adopted documents</p> <p>Labour Force Survey (BHAS)</p> <p>Reports of responsible ministries of education in BiH</p>	<ul style="list-style-type: none"> Institutions are fully committed to cooperate during project implementation The promptness of the competent institutions during the implementation of activities Continuity of the management structure and existence of institutional memory

DESCRIPTION OF ACTIVITIES

For achieving **Result 1 - The capacity of the labour market institutions is strengthened**, the following activities will be implemented:

- 1.1 Conduct an assessment of the effectiveness of the existing active labour market measures, and develop procedures based on recommendations of the functional review of the PESs, which is carried out prior to start of this programme;
- 1.2 Design and introduce new methods, tools and models to monitor and analyse the labour market needs in order to adopt measures to reduce high unemployment rate;
- 1.3 Train staff of labour market institutions to implement more effectively new active labour market measures and service delivery;
- 1.4 Develop and introduce tools for information exchange regarding job vacancies throughout BiH in order to increase labour mobility.

The analysis of active labour market measures will be conducted with the aim to identify weaknesses of the measures in use and to introduce more effective and tailor made-measures. The PESs' staff will be trained to properly apply new procedures in order to deliver modernised mediation and counselling services to the job seekers, the employers, local community and other institutions on the labour market. Designing methods and tools and development of models for monitoring labour market needs will help better analyses of the labour market, more accurate identification of its needs and effective cooperation of relevant institutions. Additionally, monitoring of implementation and results of active labour market measures and analysis of their effectiveness will improve planning, implementation and sustainability of the jobs created through ALMPs. Exchanging information on job vacancies between PESs and the employers will assist job-seekers to effectively approach the labour market, increasing competition among them.

Activities within **Result 2 - Responsiveness of the education systems to labour market demands in BiH is enhanced**, are the following:

- 2.1 Create new study programmes and curricula in line with labour market needs, relevant occupational standards and Qualifications Framework in BiH;
- 2.2 Identify and develop additional occupational standards based on research among BiH employers;
- 2.3 Improve mechanisms of recognition of informal and non-formal education by BiH authorities;
- 2.4 Develop and introduce models of cooperation between universities and employers to increase employability and improve relevance of education for labour market;
- 2.5 Develop procedures for implementation of Lisbon Recognition Convention (LRC); prepare a proposal for harmonisation of legislation in BiH with the LRC and support drafting of relevant laws, bylaws and procedures;
- 2.6 Strengthen human resources in relevant bodies to implement the new provisions of LRC;
- 2.7 Increase the number of career guidance centres and improve their work by introducing more effective practices.

In order to create better connection between education and employers, research will be conducted to assess the employers' needs. Technical assistance is to propose different models of cooperation between universities and employers based on best practices in EU and the region. The activities will include i) establishment of quality assurance mechanisms in VET (with focus on TVET) and higher education, according to European guidelines for quality assurance; ii) designing models for teachers' exposure to up-to-date technologies; iii) develop standards for trainings in companies in order to acquire new skills and competencies arising from new trends in their specific area; and iv) development of different models for connecting education sector with labour market. Career guidance will be improved through both increased number of centres and increased quality and effectiveness of their services.

Within **Result 3 - Human capacity in education sector is strengthened**, the following activities will be implemented:

- 3.1 Adopt and implement new methods and procedures in educational institutions and ministries with the aim i) to increase capacity for policy and strategic planning and ii) to improve the efficiency and quality of work of teachers and other staff of education sector;
- 3.2 Develop and introduce a model for monitoring of progress of the reform processes, also based on results of external assessments of education systems such as PISA;
- 3.3 Improve reporting in the sector through an effective data collection system and statistical analysis based on agreed indicators.

The assistance will improve capacity of human resources at all levels of the education sector through trainings, and development of new procedures and standards. The capacity to monitor changes in the sector and improved strategic planning and analytical skills will be raised. Training of VET teachers and academic staff will be focused on improvement of cooperation with companies which will lead to improvement of skills of labour force in line with labour market needs.

RISKS

At the level of the measures and the related activities of this Action, the **assumptions** are as follows:

- Awareness of stakeholders regarding the opportunities and obligations stemming out of IPA II assistance;
- Institutions are fully committed to cooperate during project implementation;
- Continuity of the management structure and existence of institutional memory.

Risks that may arise during the implementation of the proposed activities are:

- Delay in procurement procedures due to lack of endorsement of relevant tender documents by the beneficiaries;
- Lack of absorption capacity of key beneficiaries;
- Lack of effective implementation, monitoring and evaluation system.

Mitigation measures to be undertaken will include:

- Appropriate and timely planning of the activities of the Action;
- Assessment of the political environment.

CONDITIONS FOR IMPLEMENTATION

In order to allow for a timely and effective implementation of the Action the institutions should be fully committed to cooperate together and there should be continuity in the management structure as this also contributes to preserving the institutional memory.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

Institutions competent for labour, employment and education at the State, Entity and Cantonal level will be included in implementation of the proposed activities. If needed other institutions relevant to the achievement of the planned activities will be included in the implementation. The role and responsibilities of the institutions that will be involved in the implementation will be in accordance with their mandate. 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 the institutions - will be established for specific tasks under the proposed measures.

Given the plethora of institutions in the sector, as well as the number of activities, in order to ensure efficiency, effectiveness and relevance of the measures, it is proposed to have **two Steering Committees**. Tentative list of the **members of Steering Committees** for implementing of results include:

For the **Employment Results - 1**: Ministry of Civil Affairs of BiH, Ministry of Labour and Social Policy of FBiH, Ministry of Labour and Veterans of RS, responsible department of Government of BD BiH, Labour and Employment Agency of BiH, the Federal Employment Institute and Cantonal PESs in FBiH, Public Institution Employment Institute of RS and Employment Institute of BD BiH.

For the **Education Result – 2 and 3**: Ministry of Civil Affairs of BiH, Ministry of Education and Culture of RS, FBiH Ministry of Education and Science, Ministry of Education, Science, Culture and Sports of the Una-Sana Canton, Ministry of Education, Science, Culture and Sports of the Posavina Canton, Ministry of Education, Science, Culture and Sports of the Tuzla Canton, Ministry of Education, Science, Culture and Sports of the Zenica-Doboj Canton, Ministry of Education, Youth, Science, Culture and Sports of the Bosnian Podrinje Canton Gorazde, Ministry of Education, Science, Culture and Sports of the Central Bosnian Canton, Ministry of Education, Science, Culture and Sports of the Herzegovina-Neretva Canton, Ministry of Education, Science, Culture and Sports of the West Herzegovina Canton, Ministry of Education, Science and Youth of the Sarajevo Canton, Ministry of Science, Education, Culture and Sports of Canton 10, Department of Education in the Government of the BD BiH, Agency for Pre-school, Primary and Secondary Education BiH, Agency for the Development of Higher Education and Quality Assurance BiH, Centre for Information and Recognition of Qualifications in Higher Education BiH.

It is envisaged to have both regular and *ad hoc* coordination between the two Committees to ensure effective implementation of all the activities envisaged under this Action and within the sector. Exact modalities will be agreed upon, and formalised, at a later stage.

IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING

The EU Delegation to Bosnia and Herzegovina will be responsible for the overall management and implementation of the Action under the direct management mode.

This Action will be implemented through a combination of Technical Assistance/Services, and Twinning. Result 1: one service contract; Results 2 and 3: one service contract and one twinning contract.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

The European Commission can conduct evaluation during the implementation (mid-term), final or ex-post evaluation of this Action or its components through of independent consultants, through joint missions or partners who implement the project. In case that the evaluation not provided during the project and the final evaluation, the Commission may, in the course of implementation to decide to carry out such evaluation for justifiable reasons or based on their own decision or by the partners. The evaluation will be conducted in a manner as described in the guidelines for the evaluation of DG NEAR. In addition, the Action may be subject to external monitoring in accordance with the European Commission rules and the procedures specified in the Financing Agreement.

The activities carried out in accordance with this Action, will be primarily assessed through the Steering Committees which will monitor the implementation of its projects and the components of employment and education. The key beneficiaries will be involved in the Steering Committees work

and their primary task is to monitor the implementation of the action, to give opinions on reports on the implementation of recommendations to improve activities and others.

Also, monitoring the implementation of activities to strengthen the capacity of the labour market institutions shall be carried out by the use of surveys, which will be conducted at the beginning and the end of project activities.

NIPAC Office supervises the process of programming, preparation and implementation of the activities, and monitors the sustainability of the effects of sectoral programmes, with the aim of improving these processes as well as the timely identification of potential problems in implementation.

INDICATOR MEASUREMENT

Indicator	Baseline	Target 2020	Final Target (2020)	Source of information
% of PESs using newly developed procedures (manuals and instructions) to monitor active employment measures and labour market needs	0% (2016)	30%	30%	Labour and Employment Agency of BiH, Federal Employment Institute of FBiH, Employment Institute of RS and Employment Institute of BD BiH; Project Reports
% of employed graduates following completion of secondary and tertiary education	Tertiary education 17.6% Secondary education 64.6% (2015)	Tertiary education 19.0% Secondary education 69.1%	Tertiary education 19.0% Secondary education 69.1%	Labour Force Survey, BiH Agency for Statistics (BHAS)
% of Ministries of Education, Agencies for Education and Pedagogical Institutes analysing and monitoring the education reform process	0% (2016)	10%	10%	Reports of Ministries of Education, Agencies for Education and Pedagogical Institutes

5. SECTOR APPROACH ASSESSMENT

Strategic Framework

The BiH Reform Agenda (*Agenda*), adopted by the Council of Ministers of BiH (CoM), the FBiH and the RS Governments in July 2015⁴, focuses on a socially just and stable economic growth primarily through job creation (employment) all in the context of the new approach of the EU to economic management in the Western Balkans. One of six mid-term strategic areas of action within the *Agenda* is the labour market.

This strategic area of action focuses on creation of new jobs and employment related issues, measures that are foreseen under this Action. This is also supported by the analysis in the **2015 National Economic Reform Programme (NERP)**, adopted in February 2015 by the CoM.⁵ The country's labour market is seen as a sector of structural reform⁶ and proposed reform measures refer to the education systems, inclusive employment and dialogue with social partners. In addition, the **BiH Economic Reform Programme 2016-2018 (ERP BiH 2016-2018)** treats employment and labour market as one of the priority reform areas.⁷

The BiH Employment Strategy 2010-2014 foresaw to improve the full, productive and freely chosen **employment** for all workers, increase the quality and quantity of jobs, while at the same time promoting social inclusion and fight against gender inequality.⁸ As *BiH Employment Strategy 2010-2014* has expired, the development of *BiH Employment Strategy for the Period 2016-2020* has been initiated in accordance with international labour standards, the European Employment Strategy Europe 2020, South East Europe 2020 Strategy, and other requirements related to European integration process. The new strategy aims to define policies and guidelines pertaining to economic growth, accompanied by employment, human resources development and labour market management.

For the purpose of implementation of the goals set in the *RS Employment Strategy 2011-2015*⁹, the RS government has adopted annual employment action plans for the set period of implementation. The *Employment Strategy in RS for the period 2016-2020* is yet to be implemented. In September 2014, the Government of FBiH adopted the *Strategy of Strengthening the Function of Mediation in Public Employment Services of FBiH*. Its implementation is expected until 2020, depending on strategic measures and activities envisaged in the *Framework Action Plan*.¹⁰ Overall, the strategies based on analytical research and studies are to some extent linked to the budget.

Strategic documents that have been adopted by all levels of government in BiH provide a framework for action aimed at improving **education** in BiH. Among the strategic documents, the following ones should be particularly noted: *the Action Plan for the implementation of the Qualifications Framework in BiH 2014-2020*, *Priorities for the Development of Higher Education in BiH for the period 2016-2026*, as well as two documents relating to adult education: *Principles and Standards for Adult Education in BiH* and *Strategic platform development continuing education in the context of lifelong learning in BiH 2014-2020*.

⁴ http://vijeceministara.gov.ba/saopstenja/sjednice/saopstenja_sa_sjednica/default.aspx?id=20010&langTag=hr-HR.

⁵ www.dep.gov.ba

⁶ *Reform Agenda*, p.71

⁷ ERP was adopted at the CoM session on 28 January, 2016 - www.dep.gov.ba, p.89.

⁸ CoM, *Official Gazette of BiH*, 77/10

⁹ RS National Assembly, *Official Gazette of RS*, 37/11

¹⁰ *RS Strategy for Employment 2014-2020* in in the process of adoption.

Institutional Arrangements

A plethora of institutions at all levels of government jointly participate in the resolution of problems in this sector in BiH. Under the Constitution of BiH, the areas of labour and employment are the competencies of relevant entity and BD BiH bodies.

The Ministry of Civil Affairs of BiH¹¹ is responsible for carrying out the tasks and discharging duties, which fall within the State-level competencies in the areas of labour, employment, education and those relating to defining basic principles of coordination of activities, harmonising plans of the entity authorities and defining strategies at international level. On the level of the entities, the Ministry of Labour and Social Policy of FBiH and the Ministry of Labour and Veteran/Disability Protection of RS are competent for the passage and implementation of legislation, implementation of the entity strategies, implementation and monitoring of donors' and IPA projects in the area of labour and employment, as well as the implementation of active labour market measures. In FBiH, there are cantonal ministries for labour and social policy. In addition to the aforementioned ministries, the structure of the sector comprises the following: *BiH Labour and Employment Agency, the FBiH and (ten) cantonal Employment Institutes in FBiH, the RS Public Institution Employment Institute (with six regional public employment services), the Employment Institute of the BD BiH and 137 local PESSs.*

In accordance with the constitutional setup of BiH, the area of education is under full and undivided responsibility of the entity of RS, the ten cantons in FBiH and BD BiH. Therefore, a high degree of coordination is required at the State-level. The entities have its own Ministries of Education with different levels of responsibility. Department in BD BiH has its own education laws, education budgets, it sets education policy and has all the other rights and obligations arising from the mandate of the competent education authority. In FBiH, the Ministry of Education and Science has a coordination role towards the cantonal ministries of education. This ministry has a budget for education and uses it mainly for ensuring the right to education. In addition to these institutions, the education sector consists of nine pedagogical institutes¹² and three agencies at the level of BiH: *Agency for Pre-school, Primary and Secondary Education, Agency for Development of Higher Education and Quality Assurance, and Centre for Information and Recognition of Qualifications in Higher Education.*

Sector and Donor Coordination

Overall cooperation and coordination in the field of **education** is ensured through the work of the Conference of Ministers of Education in BiH (chaired by MoCA), the Council for General Education and the Rectors' Conference of BiH. Furthermore, donors' coordination is led by MoCA through the Coordination Forum for Education, with participation of international partner organisations and donors involved in education reform process in BiH.

Donors providing support to reform processes in the education area, beside EU, are the Council of Europe, UNICEF, the European Training Foundation (ETF), GIZ, Dubai Cares, the Swiss Agency for Cooperation, OSCE, KulturKontakt Austria, JICA, and others. Donors' assistance is in line with strategic priorities in education sector and EU integration process of BiH.

Coordination between donors in the field of **employment** should be improved in order to ensure complementarity of financial support. The coordination will in particular be needed with Swiss Agency for Development and Cooperation, Austrian Development Cooperation, ILO and WB.

Regular meetings of project teams, beneficiaries of assistance and other stakeholders are planned during the implementation of the Action.

¹¹ *Law on Ministries and Other Administrative Bodies of BiH (Official Gazette of BiH: 5/03, 42/03, 26/04, 42/04, 45/06, 88/07, 35/09, 59/09, 103/09, 87/12 and 6/13), Article 15*

¹² Pedagogical Institute in RS is an entity administrative organisation within the RS Ministry of Education and Culture.

Sector Budget and Medium Term Perspective

The situation in terms of the budget is relatively complex. The legal framework for budget systems of government at all levels defined by the respective budget laws: at the BiH institutions level: *the Law on Financing of Institutions of BiH*; at the FBiH level: *Law on Budgets of the FBiH* and at the RS level: *Law on Budget System of the RS*. The global framework for fiscal balance and policies in BiH for the period 2015-2017 has been drafted on the basis of the *Law on the Fiscal Council in BiH*¹³. The document contains all the necessary elements, which are indispensable for fiscal policy-makers in BiH to produce their document of the framework budget 2015-2017. These elements are fiscal targets defined as the primary fiscal balance (the primary surplus and the primary deficit), projections of total indirect taxes based on macroeconomic projections and their allocation for the next fiscal year, as well as the upper debt limit of the budget of the institutions of BiH, FBiH, RS and BD BiH.

The mechanisms of budgeting and financing the employment institutions of the institutions of BiH are regulated by annual laws on the budget of institutions of BiH and international obligations of BiH. The State-level ministries and agencies and other budgetary beneficiaries at the State-level have incorporated the principles of programme budgeting in their budgetary operations. Employment services in BiH are organised as extra-budgetary funds, funded from two main sources of income/revenues (unemployment insurance contributions) and from budgetary grants (mainly intended for the financing of active labour market programmes, or for the financing of deficit in the provision of passive measures).

The RS Public Institution Employment Institute is mainly funded from the contributions for the employment. In 2012, the share of budgetary grants was 2.5%. The income from contributions was almost the sole source of financing (95%) in 2012. As in most other cases, the RS Government budgetary transfers are intended to finance active labour market measures (in some cases also to finance some passive measures). The Federal Employment Institute recorded a decrease of the sources of income and a reduction of budgetary grants by the FBiH Government, due to the stagnation of employment and the decrease of fiscal revenues. The Federal Employment Institute is primarily funded from contributions (80%).

In BiH, **education** is largely financed from public funds of the entity, cantonal, BD BiH and municipal budgets (depending on jurisdiction). This implies that there are thirteen separate budgets for education: two at the entity level, one in the BD BiH and ten cantonal budgets. At the level of BiH there is no budget for education. As for medium-term planning at the appropriate levels it is necessary to establish better links between strategic and budget planning.

6. CROSS-CUTTING ISSUES

GENDER MAINSTREAMING

Although labour force participation (43.1%) in BiH is low for both male (54.9%) and females (32.1%)¹⁴ compared to regional averages in Europe and Central Asia and OECD countries, the gender gap is much larger in BiH. The gap declines with women's increased education levels and becomes reversed at the secondary school level where women's participation surpasses men. While there is no large gender gap in unemployment across the country, the gender gap increases with women's increased educational attainment, leading women to experience longer periods of unemployment compared to their male counterparts at higher levels of educational achievement. The gap in unemployment is at its worst among women who are very poor with limited educational achievement.

Further, across the country, more men than women are employed specifically among individuals aged 45-54, however women's employment opportunities increase with higher educational attainment but with longer waiting periods until they secure jobs¹⁵. A large proportion of women salaries are from 200 to 400 KM

¹³ *Official Gazette of BiH*, 63/08

¹⁴ *LFS 2016, First Release, July 2016*

¹⁵ *Bosnia and Herzegovina: Gender Disparities in Endowments, Access to Economic Opportunities and Agency*, WB 2015

whereas a large proportion of men's salaries are in the range of 300 to 500 KM.¹⁶ Female labour force participation in BiH is significantly lower than what would be expected for its level of development.

Insufficient inclusion of women in the labour market is a major loss of human potential in BiH, and the measures envisaged under this Action will seek to improve the delivery of PESs' services (among other vulnerable groups) to women in rural areas to help them to enjoy their social and economic rights. The planned activities will encourage women to have better access to training opportunities and the labour market.

The Action will contribute to improved access for both women and men to the labour market by developing a functional labour mobility information exchange system regarding job vacancies throughout BiH. This will particularly help women, notably in rural areas, to access the needed information since they are otherwise excluded from relevant information flows.

EQUAL OPPORTUNITIES

Men and women are faced with unequal opportunities in the labour market, and are often treated differently despite the existence of laws prohibiting such differentiation. When it comes to the type of employment, women are subject to biases stemming from traditional patriarchal social norms about the type of work that is suitable for women as well as face various difficulties preventing them from accessing higher decision-making positions. Employers, who do not have confidence in their abilities to juggle a family and a career, often discriminate against women hoping to start families and those already with families. Despite the existence of laws and regulations that penalize any gender based discrimination, women at work are often faced with inconsistencies and irregularities that make it difficult to implement these laws such as different maternity leaves across BiH entities and the lack of a solid redress mechanism, should women need to report a case of discrimination.

The principles of equal opportunities will be duly taken into account throughout the project cycle and the Action will promote an environment that is conducive and enabling to gender equality, ensuring equal participation of women and men in all project activities.

In addition, the Action will address problems and practical needs specific to men and women in order to ensure capacities to deliver services in a gender-sensitive manner. Gender sensitive language will be maintained throughout the project cycle. It will be ensured that the project management will have adequate capacities to enhance women's participation in project activities and work towards gender equality objectives.

In addition, the Action will address problems and practical needs specific to men and women in order to ensure capacities to deliver services in a gender-sensitive manner.

In general, the gender perspective will be maintained ensuring that the results of the project impacts positively on gender equality as well.

MINORITIES AND VULNERABLE GROUPS

The impact of the Action on equal opportunities will be factored into its implementation appropriate indicators will be utilised for monitoring the performance of the implementation of the Action.

The Action will raise awareness of PESs' staff about the importance of equal opportunities and the ways to assist vulnerable groups such as youth, women in rural areas, long-term unemployed, internally displaced persons, as well as persons with disabilities, as a group that is facing multiple social exclusion and discrimination.

¹⁶ *Gender and Employment in Bosnia and Herzegovina-Country study*, International Labour Office, 2011

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)

The *Rule Book for the Implementation of the Rules for Consultations in Drafting Legal Regulations* defines the procedure for consultation in legislative drafting process within the Ministry of Civil Affairs of BiH. In this regard, civil society will be invited to be a part of this process, as appropriate.

Civil society, i.e. associations and organizations of various vulnerable groups will be consulted regarding the specific challenges and the possible solutions about access to the labour market and improvement of the situation in education for better integration of education systems and labour market. The active involvement of civil society will be important for the successful implementation of activities planned in this Action.

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

The activities under this Action in themselves have no direct impact on the environment and the climate change. All activities planned and the supported in the framework of this Action will remain completely in accordance with the respect of the environment, safety and health.

7. SUSTAINABILITY

The assistance to be provided to finance the measures outlined in this Action, will contribute to the implementation of broader reforms and therefore contribute to their sustainability of economic growth and development of BiH.

Bearing in mind the crucial role that reforms in this sector have in the process of integration in the EU, and the future EU accession negotiations, it can be assumed that all the institutions involved in the implementation of measures envisaged under this Action (at all levels of government) are ready to benefit from the assistance. In this way, a consolidated, solid and the sustainable development in the employment and education sector will be ensured.

After achieving the results of the activities envisaged by this Action, institutions in the areas of employment and education will continue activities on their further development. This will become a permanent capacity thereof and the enable long-term effect in the direction of increasing employment.

Based on the results of the activities envisaged by this Action, institutions in the areas of employment and education will continue their regular activities focusing on the reform processes and fulfilment of the EU integration requirements particularly regarding the Qualification Framework and mobility of labour force.

The activities proposed in this Action are part of the on-going reforms in the sector of employment and education based on the strategic framework.

8. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the Action. The implementation of the communication activities shall be the responsibility of the beneficiary, and shall be funded from the amounts allocated to the Action. Integral part of each activity in the Action will be the definition of communication strategy and related visibility activities. These activities will be carried out in order to raise the profile of the activities, increase awareness among various target audiences and to ensure successful communication of information about the operations and results that will be accomplished.

All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the EU visibility guidelines *Communication and Visibility Manual for EU External Actions*. Additional *Visibility Guidelines* developed by the Commission (DG NEAR) will have to be followed. Through the development of a communication strategy communication objectives will be set, enabling successful identification of visibility activities (in order to pull existing resources and create maximum

impact when directed to the target groups). Furthermore, in the communication strategy the beneficiary will identify target groups (as recipients of the information); identify key messages (to be transferred to targets in a way to motivate them to perceive information in desired manner) and set up the communication approach.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim the added value and impact of the EU's interventions to the relevant target audiences. Visibility actions should also promote transparency and accountability on the use of funds.

The following actions and tools should be carried out: definition of visual identity standards; preparation of written materials (factsheets, training compendia, manuals, etc.); production of branded material (panels, folders, promotional material); website; events (trainings, retreats, workshops, round tables, initial and closing events).

Conferences will be organised at the beginning and at the end of the implementation of activities aimed at informing wider public about the activities which are to be undertaken and the results of that amount generated. These activities will be published on the website of the Ministry of Civil Affairs of BiH.

It is the responsibility of the beneficiary to keep the EU Delegation fully informed of the planning and implementation of the specific visibility and communication activities.

The beneficiary shall report on its visibility and communication actions in the report submitted to the IPA monitoring committee.