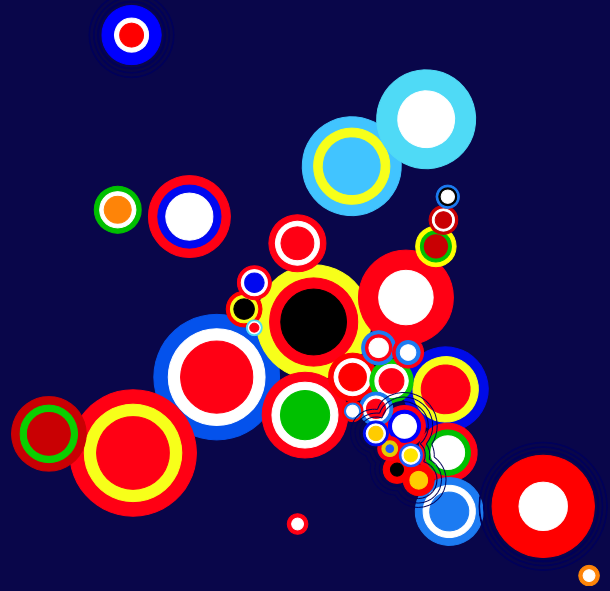




# INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

## BOSNIA AND HERZEGOVINA

### Local Integrated Development



#### **Action summary**

The overall objective of the Action is to raise standards of living and social cohesion in Bosnia and Herzegovina through inclusive sustainable socio-economic development. The specific objective is to stimulate economic activity and employment and promote social inclusion through integrated local development. The Action will focus on municipalities/cities targeted by the Regional Housing Programme, those affected by the 2014 floods, and other most vulnerable municipalities.

The Action is rooted in the belief that the most effective way to address local development issues is through an integrated, strategic and participatory approach involving all relevant stakeholders.

In this context, the Action will help improve local governance and public service delivery, address municipal infrastructure needs, stimulate employment and support sustainable livelihoods and social needs of local communities, in particular among returnees/refugees and internally displaced persons and households affected by the 2014 floods.

| <b>Action Identification</b>                              |   |
|---|---|
| <b>Action Programme Title</b>                             | Action Programme for Bosnia and Herzegovina for the year 2014   |
| <b>Action Title</b>                                       | Local integrated development  |
| <b>Action Reference</b>                                   | IPA 2014/ 037-662. 6/Bosnia and Herzegovina/ Local integrated development   |
| <b>Sector Information</b>                                 |   |
| <b>IPA II Sectors</b>                                     | Competitiveness and Innovation: Local development strategies  |
| <b>DAC Sector</b>   | 15112 Decentralisation and support to subnational government  |
| <b>Budget</b>   |   |
| <b>Total cost</b>   | EUR 11.1 million  |
| <b>EU contribution</b>                                    | EUR 10 million  |
| <b>Management and Implementation</b>                      |   |
| <b>Method of implementation</b>                           | Indirect management   |
|   | International organisations: United Nations Development Programme (UNDP) and International Labour Organisation (ILO)                                  |
| <b>Location</b>   |   |
| <b>Zone benefiting from the action</b>                    | Bosnia and Herzegovina  |
| <b>Timeline</b>   |   |
| <b>Deadline for conclusion of the Financing Agreement</b> | at the latest by 31 December 2015   |
| <b>Contracting deadline</b>                               | 3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation |
| <b>End of operational implementation period</b>           | 6 years following the date of conclusion of the Financing Agreement.  |

# 1. RATIONALE

## PROBLEM AND STAKEHOLDER ANALYSIS

Bosnia and Herzegovina is suffering its most severe economic and social crisis since the end of the 1992-1995 war. Prolonged political deadlock coupled with complex constitutional arrangements have resulted in a series of enduring socioeconomic issues, from poor legislation and corruption, to low investment, a negative growth in gross domestic product (GDP) and painfully high levels of unemployment. All this is fully reflected in a worsening social situation, including growing poverty and inequalities between regions and social groups.

Not surprisingly given the ongoing economic crisis, labour market conditions in Bosnia and Herzegovina have remained difficult. Unemployment reached 27.5% in 2013. About 80% of those unemployed are long-term unemployed. Women fared much worse on the labour market than men: the participation rate among women was only 32.5% in 2013 compared to 55.3% for men<sup>1</sup>. Likewise, the employment rate among women at 23% was much lower than the one recorded for men (40.6%). Unemployment was also higher among women (29%) than men (26.5%). Unemployment was particularly high among the young population (63.1% for people aged between 15 and 24). 552 000 people were registered as unemployed in March 2014<sup>2</sup>.

Participation in the labour market has continued to decline (43.6% in 2013)<sup>3</sup> as did the employment rate (down to 31.6% in 2013). Employers face the crucial problem of getting skilled labour force (not necessarily certified)<sup>4</sup>. This situation is partly explained by the lack of responsiveness of employment and education policies to the needs of both the employers and the labour force.

To make things worse, the country has been hit by torrential rains in May 2014 creating the worst floods experienced by Bosnia and Herzegovina in the past 120 years, affecting a third of the country and approximately one million people, which is more than one fourth of the country's population of 3.8 million. Destruction of residential buildings, roads and local infrastructure has left the population of flooded areas extremely vulnerable. Many have lost not only their homes but also their livelihoods. Despite the relief efforts organised thanks to national and international assistance in the immediate aftermath of the floods, the unprecedented scale of damages means that flooded areas and their population will need months, even years to recover from the disaster. The floods have been a major shock for the economy: many private companies have been forced to interrupt their activities putting many jobs at risk.

The floods also compounded the implementation of the strategy for reintegration of returnees<sup>5</sup>. Municipalities and cities with large number of returnees and displaced people are often the same affected by the floods of May 2014. They are entitled to support from the Regional Housing Programme (RHP)<sup>6</sup> for the construction of housing units. However, in the absence of an attractive environment, decent communal and social infrastructure and economic opportunities, it will be difficult to achieve sustainable returns. Often lacking skills and qualifications, returnees/refugees and internally displaced persons (IDPs) have few employment prospects in their areas of return or resettlement. A poor access to healthcare, social protection and pensions renders even more difficult their integration into the society.

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<sup>1</sup> Women are particularly at risk on the labour market. They often face discrimination in terms of access to jobs, level of earnings and working conditions. They tend to be offered low income or insecure jobs, and are at risk of losing their position when leaving for maternity.

<sup>2</sup> Source: Agency for Labour and Employment of Bosnia and Herzegovina

<sup>3</sup> All data are extracted from the Labour Force Survey, Agency for Statistics of Bosnia and Herzegovina 2013 unless otherwise specified

<sup>4</sup> The level of education of the labour force aged 15-64 is rather low in relation to the needs of the economy. 51.4% of the labour force has only completed primary school or less. Only 8.9% has completed higher education. Among registered unemployed, 30% have completed primary school or less, 33% have completed 3-year secondary school, 26% have completed 4-year secondary school and 7% have a higher education degree

<sup>5</sup> Revised Strategy of Bosnia and Herzegovina for the Implementation of Annex VII of Dayton Peace Agreement, 2010

<sup>6</sup> Joint Regional Programme on Durable Solutions for Refugees and Displaced Persons, known as Regional Housing Programme seeks to offer sustainable housing to returnees/refugees and IDPs in Bosnia and Herzegovina, Serbia, Croatia and Montenegro. The five years programme is being implemented with the support of the international community led by the European Union.

The floods created new housing needs and increased the population seeking material or financial support from the government. Households affected by floods and the population targeted by the RHP<sup>7</sup> share similar characteristics and dilemma: living very often in rural areas, their income largely depends on agricultural activities and their low level of education bars them from other economic opportunities.

The recovery from the floods and/or the integration of returnees/refugees and displaced people are putting heavy strains on local administrations with already overstretched budgets. The impact on the physical local infrastructure in the flood-affected areas of Bosnia and Herzegovina is great; floods also damaged both cultural and educational institutions and facilities (pre-school, primary school and secondary school facilities, museums, monuments, libraries, archives).

Under these enormous socio-economic pressures, local authorities<sup>8</sup> struggle to fulfil their traditional missions. Lacking organisational, material and financial capacities, they are coping with regular service provision and the promotion of the local economy.

A strong involvement of local authorities is nonetheless central to the recovery process of flooded areas and the successful reintegration of refugees. Local authorities need effective planning/coordination mechanisms to rebuild damaged infrastructure and implement social and economic measures in favour of affected communities in order to restore hope and give new prospects to citizens. Local development policies leading to stronger economic growth and greater social cohesion are also an essential ingredient of the return process. When the economy is strong and living conditions improve, it is easier to integrate refugees/returnees and IDPs into the host municipalities as well as deal with the long-term consequences of the 2014 floods.

Looking from a social inclusion perspective, many vulnerable and excluded groups - returnees and displaced persons, households affected by floods, Roma and other ethnic minorities, persons with disabilities, children, young people and women from disadvantaged backgrounds and long-term unemployed – are unable to achieve sustainable livelihoods due to limited economic opportunities and adequate access to social protection and social inclusion services.

In this context, it is crucial to help local authorities involved in the RHP and/or areas affected by the floods to take a pro-active part in socio-economic development processes. Given the proximity to local needs, municipalities and cities can do much to contribute to the well-being of their populations by implementing a well-coordinated and relevant package of development measures. Efforts in this direction have started in recent years. 40% of local authorities in the country have adopted integrated and participatory strategies identifying specific needs and priorities in economic, social, education, and environmental sectors. This planning effort will be reinforced during the recovery process in flood-affected areas during which recovery plans will be drafted in each local government based on an assessment and prioritisation of needs so as to achieve the highest impact of recovery funds.

However, overall, the lack of capacities and limited financial resources at the local level will continue to hamper the translation of strategic development goals into concrete actions. The quality of local strategies is not standardised across the country and municipalities/cities are lacking skilled and experienced staff for the preparation of quality local development projects. Local service delivery outcomes are extremely uneven across local authorities, while access to and quality of services are poor, especially in rural and flooded areas. Local authorities have still limited success when it comes to developing feasible projects and attracting external funds to add to their often dwindling budgets. Local administrations lack economic expertise, knowledge tools and financial resources to create business-friendly ambient, ensure continuous local employment growth and increase investment attractiveness of localities. Local enterprises, while holding a strong potential to vitalise local economies, face challenges ranging from impeded business registration processes, inefficient privatisation to limited access to credit funds and lack of skilled labour force.

In the field of employment, the capacity to create and achieve consensus-based responses to labour market needs is currently limited at the local level despite recent efforts to explain and promote the principles and requirements of locally-based employment policies. Moreover, the lack of funding has

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<sup>7</sup> In many cases, they are one and the same people.

<sup>8</sup> Municipalities and cities

made it difficult for employment agencies and other stakeholders to translate the concept of local employment partnerships into actions.

The EU and other donors have invested significant funds in building capacities of local stakeholders to address more effectively local labour market needs. It is necessary to test their capacities and skills in applying a pro-active and integrated approach to local development through support to local employment partnerships. The latter should become the main mechanism through which the relevance of local active labour market measures can be enhanced. This supposes a permanent dialogue among employment offices, education institutions, municipalities, employers, and the civil society and the ability of all stakeholders to devise and implement together relevant strategies and plans in line with the needs of the economy in order to fight more effectively unemployment and inactivity. All parties involved are supposed to play a proactive role in order to succeed while their efficiency and flexibility is exemplary for other upper government levels. The partnerships proposed in the Action can be one of the most effective tools for remediation of the consequences of 2014 floods in terms of employment, income generation and overall recovery.

Local employment offices can play a decisive role - given their proximity to the needs of the labour force and the employers - in mobilising other stakeholders around employment priorities and promoting consensus-based responses to labour market needs. Through local employment partnerships, they can agree with other stakeholders on the best solutions to address the shortage of jobs, upgrade the knowledge and skills of the labour force in order to improve employability, especially among young people and people with low or no qualifications, increase the relevance, quality and coverage of technical vocational education and training (TVET), adult education and life-long learning and stimulate labour market inclusion among vulnerable groups and hard-to-employ people.

While engagement of the civil society in local affairs has improved, there is still a significant need to activate socio-economic stakeholders and improve citizen participation in public life.

The current Action will help local stakeholders organise themselves and address development needs in their area - in particular, those linked to May 2014 floods - in an integrated, strategic and participatory approach. It will build the capacity of local authorities to become true drivers of local development and poverty reduction, taking full advantage of projects and initiatives available at the local level.

The Action will also contribute to the sustainability of the return process and address the needs of the most vulnerable categories of population (returnees and displaced people, flood-affected households, Roma and other ethnic minorities, children, young people and women from disadvantaged background, long-term unemployed, people with disabilities etc.) to raise their living conditions, guarantee and protect their rights and facilitate their socio-economic integration. Finally, the Action will enhance inter-municipal cooperation and foster capitalisation and networking of practices among municipalities/cities in Bosnia and Herzegovina.

## **RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES**

The Action is related to the *Indicative Strategy Paper 2014-2020 (CSP) for Bosnia And Herzegovina priorities 3.1.3 Competitiveness and innovation, local development strategies and 3.1.4. Education, employment and social policies.*

By mobilising and bringing together local stakeholders around development priorities agreed in municipal strategies, the Action is fully in line with the Strategy Paper's focus "*on providing support to partnerships for economic and social development at the local level, building on the existing local development strategies and the operational structures involved*". Municipalities will receive support and assistance to design and implement development policies based on an integrated approach aimed at strengthening small and medium enterprises (SMEs) competitiveness and innovation, employment and job creation, as well as social inclusion. In line with the CSP, the action will build on local partnerships including municipalities, SMEs, education and training institutes, as well as civil society and any other relevant stakeholders.

Moreover, the Action will contribute to harmonised and integrated local development planning in Bosnia and Herzegovina by further supporting local planning in target territories, thus reaching a critical mass of 70% of local authorities in the country applying a systemic approach to local planning, in line with higher government levels' priorities and emerging sectoral strategies. By promoting the

socio-economic development of areas with a large concentration of refugees and displaced persons, the Action will “*address issues of economic sustainability in focal areas for return and displacements*” and will create conditions for sustainable return, thereby tackling the shortcomings of the return process in Bosnia and Herzegovina highlighted in 2013 Progress Report<sup>9</sup>. As such, the Action is a major contribution to the revised strategy under Annex 7 to the Dayton Peace Agreement (DPA) and is fully in line with the *Joint Declaration in response to the continuing challenges of displacement in Bosnia and Herzegovina* signed between Bosnia and Herzegovina, the entities and the main international donors<sup>10</sup>.

The Action is also related to *priority 4.4 Employment, Education and Social Policies* of the Country Strategy Paper. The Action will address employment needs at the local level as advocated in the CSP: “*addressing the high unemployment, in particular youth unemployment will come along with support for the recovery of the local economy*”. By establishing or reinforcing local employment partnerships, the Action will “*assist labour and employment institutes to strengthen their capacities and to develop and implement active labour market measures*”.

By developing capacities at the local level for effective employment policies, addressing the skills mismatch, promoting employability, in particular among vulnerable groups and hard-to-employ people and stimulating job creation, the Action will address EC concerns stated in the Progress Report 2013 regarding the lack of progress with employment and social policies in Bosnia and Herzegovina.

In supplementing funds available for active employment policies in Bosnia and Herzegovina, the Action will contribute to the objectives and targets of the employment strategies adopted at entity and state levels.

By promoting economic development and social inclusion, the Action is linked to the objectives of the *Europe 2020 strategy*, in particular with regard to the headline targets for employment<sup>11</sup> and poverty/social exclusion<sup>12</sup> and the need to achieve inclusive growth<sup>13</sup>. By strengthening the local level, the Action will also contribute to a more active involvement of local authorities in the development measures to be implemented under the four pillars of the *South East Europe Strategy 2020*.

The Action will be used as a major tool for coordinating local authorities, identifying all initiatives and resources available to address local social and economic development needs, liaising with other donors and providing support to local authorities in accessing funds. In this respect, the Action will be closely coordinated with ongoing or parallel **SMEs Development Actions**<sup>14</sup>.

This Action will also be closely coordinated with other ongoing initiatives in the field of local development e.g. United States Agency for International Development Growth-Oriented Local Development project (USAID Gold), Kreditanstalt für Wiederaufbau (KfW) development finance, etc.

## SECTOR APPROACH ASSESSMENT

The present Action targets the local level and in particular local authorities. Despite the fact that Bosnia and Herzegovina /entity legislation on local self-governance is in place and is largely in line with the *European Charter on Local Self-Government*, the unclear demarcation of tasks and responsibilities within and between the different tiers of governments often results in ineffective

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<sup>9</sup> Bosnia and Herzegovina 2013 Progress Report – Page 19: “*Efforts to implement the revised Strategy under Annex 7 to the Dayton Agreement mainly focused on the reconstruction of housing units. Recommendations on creating conditions for sustainable return remain largely unaddressed*”.

<sup>10</sup> Ministry of Human Rights and Refugees of Bosnia and Herzegovina, Ministry for Refugees and Displaced Persons of Republika Srpska, Ministry of Displaced Persons and Refugees of Federation of Bosnia and Herzegovina, United Nations, United Nations High Commissioner for Refugees (UNHCR) and the European Union.

<sup>11</sup> 75% of the 20-64 year-old to be employed.

<sup>12</sup> At least 20 million fewer people in or at risk of poverty across the EU.

<sup>13</sup> “*Empowering people through high levels of employment, investing in skills, fighting poverty and modernising labour markets, training and social protection systems so as to help people anticipate and manage change, and build a cohesive society...[and]... is about ensuring access and opportunities for all throughout the lifecycle.*” (EC 2010a: 17).

<sup>14</sup> IPA 2014 SME Competitiveness Support Facility  
IPA 2013 Strengthening SMEs Competitiveness

policies and weak service provision at the local level. Moreover, the political and institutional deadlock at state level prevents any decentralising reform in the country<sup>15</sup>.

Although there are local/cantonal development strategies, there is no overarching country-wide regional development strategy - neither at the level of Bosnia and Herzegovina nor at the entity level<sup>16</sup> - and therefore no clear framework and objectives to ensure proactive and coherent regional policies and measures addressing the considerable and long-term development gaps within Bosnia and Herzegovina.

The prospect of developing a strategy for the social development sector is still far away<sup>17</sup>. Such a strategy encompassing employment, education, welfare and social policies would define inter-linked priorities and targets to promote better living conditions for all citizens and more opportunities for self-realisation. The current political deadlock makes it difficult at this stage to develop country-wide strategies in each of these fields, let alone to envisage an overriding social development sector strategy<sup>18</sup>.

## LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

The evidence from past local development projects in Bosnia and Herzegovina clearly demonstrates that successful projects are based on community “ownership” where local authorities and communities assume greater responsibilities and become the focal centres for local development. The challenge is to facilitate and institutionalise a process through which local communities are not only consulted but also take the initiative in dealing with the wide range of issues affecting their daily life. On the other hand, local authorities should be empowered to provide overall guidance and impetus. They should understand the need for establishing a collaborative partnership with community organisations and developing a local “vision” and strategy with them, as a prelude to more concrete actions. This cooperation should be sustained throughout the development process i.e. when designing/planning projects, allocating resources and implementing, monitoring and evaluating activities.

Lessons from the past also show the importance of building capacities of local actors to design and implement effective responses to local development challenges. Local integrated development should help local institutions and community organisations overcome their lack of financial, human, and physical resources that hinder their effective participation in projects. Successful past initiatives illustrate the need for institutional mechanisms to coordinate the decisions taken by a large number of individuals at the community level, between communities, and between communities and other stakeholders such as the government (at different levels) and the private sector.

Another challenge which past projects have been grappling with when implementing local integrated development is the need for local actors to move from a project to a programme approach. It is only by identifying long-term development objectives and designing a comprehensive programme of actions that establishes links between problems and is flexible enough to allow for adjustments during the implementation, that real and sustainable impact can be achieved on the ground. The programme approach requires skills and expertise that are often not readily available at the local level. Local integrated development projects can help address shortcomings in this area and assist local authorities

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<sup>15</sup> The Congress of Local and Regional Authorities. Recommendation 324 (2012)1 Local and regional democracy in Bosnia and Herzegovina

<sup>16</sup> With the exception of the Republika Srpska Local Governance Development Strategy 2009 – 2015.

<sup>17</sup> Mapping of Sector Strategies Final Report, 28 February 2014. The study analyses the capacity of Western Balkan countries to adopt the sector approach in selected sectors based on three criteria: 1. National sector strategies and budget appropriation; 2. Institutional setting, leadership, capacity and performance framework; 3. Sector and donor coordination. Bosnia and Herzegovina was given the overall score of 13 out of 56 for the social development sector.

<sup>18</sup> There is, however, interest in and political willingness to develop common benchmarks and indicators for measuring social development progress in all constituent units of Bosnia and Herzegovina. This is best illustrated by the ongoing work on the Common Framework for Coordination, which is being developed also in Bosnia and Herzegovina in order to integrate the objectives of Europe 2020 Strategy into SEE 2020 Strategy. This document should help achieve greater consistency among the various strategies adopted by constituent units and create a common strategic framework to facilitate country-wide coordination and decision-making. Moreover, an inter-ministerial group is currently formulating “*Visions for Skills 2020*” for Bosnia and Herzegovina with help from the European Training Foundation. The draft document to be completed by December 2014 will identify the main trends and drivers influencing the demand for skills in Bosnia and Herzegovina and set out a shared vision for skills development covering the education, labour and employment and social sectors in an integrated approach for developing the Human Resources Development sector in Bosnia and Herzegovina by 2020. It will include priorities with monitoring indicators and an implementation action plan as well as identified institutional capacities.

in their efforts to engage and mobilise all the relevant actors around well-articulated development priorities.

Regarding employment policy, several municipalities in Bosnia and Herzegovina have taken matters in their hands in recent years adopting measures to combat unemployment and promote investments and job creation on their territory. One of these municipalities is Gorazde, which is situated in the eastern part of Bosnia and Herzegovina. After selling a nitrogen production factory destroyed during the war for a symbolic amount, the municipality assisted the investor with the identification<sup>19</sup> and retraining of labour force, which the investor had committed to employ. As a result, more than 700 jobs were created in the municipality. Another example of effective local policies is the BEAR area (business environment attractive regions) which includes the municipalities of Teslić, Tešanj and Žepče and is classified in the Top 10 Southern European regions in the category of best European investment locations by cost efficiency<sup>20</sup>.

These examples show the need for greater cooperation among local stakeholders in addressing local employment issues: from incentives for employers to adequate re-training programmes for unemployed through self-employment support, use of municipal unused land, clustering of individual producers, etc.

Such success stories however remain exceptions in Bosnia and Herzegovina. In general, key local stakeholders (municipality, employers, local employment bureau, education, and civil society) do not have regular communication and exchange of ideas/views on what each of the identified stakeholder can do in order to contribute to improvement of employment at the local level. Quite often, municipalities are not aware of what type of incentives can be offered in order to either attract new investments or expand existing businesses. In addition, municipalities do not often know what they can offer to unemployed to create self-employment (usually it is unused municipal land offered for agricultural activities). On the other side municipal bureaus have gained skills through EU funded projects (primarily through IPA 2009 project *Institutional capacity building of employment sector in Bosnia and Herzegovina*) during which they learned how to perform an active role in the identification of active job seekers, as well as linking employers' needs for labour force with the education sector<sup>21</sup>. This is particularly visible in flood-affected municipalities.

Past experience shows also that more pro-active employment policies are required to address continuous labour market mismatch<sup>22</sup>. The latter results partly from a lack of cooperation between schools and the private sector. Therefore employment measures should encourage more frequent contacts and joint initiatives between educational institutions and employers. There is also a need to develop internship or apprenticeship opportunities for young people. Training opportunities for adults should be developed and the content of training should be more in-tune with the skills in demand on the labour market.

The United Nations Development Programme (UNDP) has implemented several initiatives at the local level within its rural and regional development programmes, a pillar of the UNDP development strategies. The *Integrated Local Development Project*<sup>23</sup> (ILDP) has been instrumental in establishing local strategies as legitimate development platforms for defining social, economic and environmental priorities and serving as an investment portfolio for both public and international financial resources<sup>24</sup>. It has also provided tailor-made assistance to local administrations to improve service delivery and strategy implementation. Finally, ILDP has reinforced participatory local development by engaging all relevant local socio-economic stakeholders. These efforts have been complemented under the programme *Reinforcement of Local Democracy*<sup>25</sup> (LOD) which have contributed to strengthen inclusiveness, participation and transparency in municipal funding and created long-lasting partnerships between local authorities and civil society organisations (CSOs). Moreover, UNDP (and

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<sup>19</sup> Gorazde Employment Office interviewed all registered unemployed actively seeking for a job

<sup>20</sup> Within the competition of European cities and regions for 2014/2015

<sup>21</sup> Country Programme interim Evaluation Bosnia-Herzegovina, Ecorys, 2013

<sup>22</sup> Most resources for the unemployed are still spent on passive measures, which do not help unemployed improve their employability.

<sup>23</sup> ILDP is funded by Switzerland with co-financing from UNDP and Bosnia and Herzegovina.

<sup>24</sup> By 2014, the ILDP had helped create integrated local development strategies in 40 local self-governments country-wide. The first generation of 22 local strategies (adopted in 2011) were in their third implementation year. Another 18 local self-governments were finalising their strategies and were about to start implementing them.

<sup>25</sup> LOD is funded by the EU.



the Swedish International Development and Cooperation Agency - SIDA) have supported the establishment and functioning of the Training System for Local Governments in Bosnia and Herzegovina, which serves as a public tool for capacity development of local government staff and leadership.

The current Action will continue the efforts initiated by UNDP within the ILDP by further expanding the systemic and integrated local development planning system: more local authorities will be helped with the design and implementation of local strategies thereby addressing the current lack of capacities and financial resources to transform integrated local strategies into practice.

The UNDP is implementing the **IPA 2014 Assistance to post crisis and recovery efforts related to flooding in Bosnia and Herzegovina**, a fast-relief programme to help local authorities in Bosnia and Herzegovina deal with the most pressing recovery needs in the aftermath of 2014 floods, including aid coordination and planning; implementation of post-recovery priorities and support to human security and disaster risk management. The programme will include the performance of post disaster need assessments within target localities, together with local institutions and community stakeholders. Based on these assessments, concrete plans will be outlined for each target local government, which will trigger financial resources for rehabilitation/construction of damaged infrastructure, supply of equipment and materials, provision of assistance to households in restoring their livelihood and the implementation of flood-prevention measures. The present Action will continue the recovery efforts in flooded areas, addressing longer-term needs identified in recovery plans but not funded under the IPA 2014 fast-track programme.

The Action will complement the **Regional Housing Programme**<sup>6</sup> which seeks to offer sustainable housing solutions to returnees/refugees and IDPs in the context of the Sarajevo process<sup>26</sup>. In Bosnia and Herzegovina, 5 400 households (or 14 000 individuals) are to be assisted by the RHP, of which 3 850 households are to return to their places of origin and be reintegrated, 1 270 households will be integrated in their places of displacement, while 280 beneficiary households will be provided with a durable housing solution within the social welfare system<sup>27</sup>. It is expected that housing units for 170 households will be constructed in selected municipalities in the course of 2015. 780 housing will be constructed in a second wave of constructions planned for the end of 2015. The present Action will provide resources/technical support to RHP local authorities for developing and implementing sustainable returns measures.

The Action will also build on the **IPA 2009 EU Support to Institutional Capacity Building for Regional and Local Economic and SME Development** which developed the capacity of local stakeholders (municipalities and regional and local development agencies). One of the project's most significant achievements was to enable municipal staff to put their skills into practice through practical, guided project development. The most visible impact arose through the comprehensive Municipal Training Programme on "Project Cycle Management and Logical Framework Approach for Project Identification and Development" that enhanced the knowledge and skills of local government staff from the design of a project idea to the development of a project proposal. As a result, a large pipeline of local development projects was created including proposals in infrastructure development, environment protection, energy efficiency, economic development, tourism and agriculture<sup>28</sup>.

In the social field, the Action will build on the project *Enhancing the Social Protection and Inclusion System for Children in Bosnia and Herzegovina*<sup>29</sup> (SPIS) implemented by the United Nations Children's Fund (UNICEF), which focuses on the development of municipal social protection and inclusion models enhancing inter-sector responses at the community level. Particularly relevant to the current Action are the capacity building activities targeting decision makers and professionals at all

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<sup>26</sup> The Sarajevo Declaration process, initiated in 2005, aims to find long-lasting solutions for refugees and displaced persons following the 1991-1995 conflicts on the territory of the former Yugoslavia. The process involves four countries: Bosnia and Herzegovina, Croatia, Montenegro and Serbia.

<sup>27</sup> The total cost of the Bosnia and Herzegovina's country housing project is estimated at € 101 million, representing 17% of the total estimated RHP cost in all the Partner Countries. Bosnia and Herzegovina pledged € 15 million as the national contribution towards the project implementation.

<sup>28</sup> Self - evaluation of the IPA assistance to regional economic, SME and tourism development, AETS, 2013

<sup>29</sup> Project has been supported by the Delegation of the EU to Bosnia and Herzegovina, Department for International Development (DFID), the Government of Norway and United Nations Children's Fund (UNICEF)

levels of governance to plan and develop programmes and budgets for social protection and inclusion of children and families.

The **Catholic Relief Services (CRS)** has been involved in sustainability measures for returnees/refugees and IDPs in the context of the RHP. The CRS experience shows that tailored-made solutions addressing the socio-economic needs of individuals are essential to the success of housing policies in favour of returnees/refugees and IDPs. CRS has been assessing the needs of individual beneficiaries and preparing a full integration package including support for starting up or developing income-generating activities, training and retraining, access to social protection, etc. CSR is currently preparing manuals for social housing and for sustainability measures, which will be used by the beneficiaries of the RHP, thereby ensuring a consistency of approach. The current Action will borrow from and disseminate the best practices developed under the CRS.

The **IPA 2011 Support to local economic development in Bosnia and Herzegovina** (€ 3.5 million) aims to facilitate the implementation of local economic development measures through local partnerships. It will provide grants to local partnerships (including municipalities and local development agencies) seeking to develop quality support and facilities for local SMEs and entrepreneurs. During the Action, it will be ensured that local authorities take advantage from this funding opportunity to address their strategic needs.

Likewise, the Action will support eligible local authorities access funds under the **IPA 2012 Support to durable solutions of Revised Annex VII DPA Implementation Strategy** (€ 7 million), which includes sustainability measures for returnees/refugees and IDPs (livelihood packages, employment opportunities, SMEs, self-employment, etc.)<sup>30</sup>. Lessons learned from initiatives funded under this programme will be drawn during the Action by replicating and disseminating the best models, in particular regarding the access to socio-economic rights and services.

Complementarities and synergies will also be sought with the **Growth-Oriented Local Development project (GOLD)** (€ 14.5 million)<sup>31</sup>, a five-year project launched in 2013 to provide assistance to local communities in Bosnia and Herzegovina in achieving their economic growth and development goals. GOLD promotes integrated and inclusive local economic development (LED) planning and implementation – across municipalities, cantons, and entities – in the sectors with the highest potential for rapid, sustainable job growth and helps unlock the economic potential of municipal assets and promote new investments that support the targeted sectors through public-private partnerships.

The Action will encourage local authorities to seize the opportunities which culture and tourism can bring to local development. In this respect, the Action will build on the results from the Millennium Development Goals Achievement Fund (Joint MDG-F) programme **Improving cultural understanding in Bosnia and Herzegovina**<sup>32</sup>, which raised awareness about the value of culture and shared cultural heritage and stressed the contribution that Bosnia and Herzegovina's cultural industries can make to economic development, sustainable employment and poverty reduction.

The Action will build on the achievements of previous IPA projects in the sector. It will follow recommendations formulated under the **IPA 2007 Improving Active Labour Markets in Bosnia and Herzegovina**, in particular regarding the creation of local employment partnerships as a means of improving the effectiveness of Active Labour Market Measures.

The Action will continue efforts initiated by the **IPA 2011 Institutional and Capacity Building in Employment Sector in Bosnia and Herzegovina (ICBES)** to improve employment service delivery at local level. ICBES supported the establishment of Local Partnerships for Employment and Economic Development (LPEED) bringing together a wide range of socio-economic actors to plan active labour market measures in line with local needs, address skills mismatch and promote entrepreneurship and economic growth. By the end of the project in 2014, 22 municipalities had established a LPEED out of which 14 had signed a formal cooperation agreement among its members.

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<sup>30</sup> The project will be implemented by the UNDP and UNICEF

<sup>31</sup> Funded by the USAID and the Swedish International Development and Cooperation Agency (SIDA).

<sup>32</sup> Implemented by UNDP, United Nations Educational, Scientific, and Cultural Organisation (UNESCO) and UNICEF. The authorities of Bosnia and Herzegovina have recognised culture's role in development policies in key documents as the Strategy for Cultural Policy of Bosnia and Herzegovina (2008) and its Action Plan (2011)

The Action will also capitalise on results from the **Youth Employability and Retention Programme (YERP)**<sup>33</sup> launched in 2009 to increase the capacity of the education system, the public employment services, the civil society and the local communities to address the problems of high youth unemployment and irregular youth migration in Bosnia and Herzegovina. Given the scale of youth unemployment, young people will be one of the main target groups of this Action, which will continue the efforts of the YERP in improving curricula, preventing dropping-out, developing vocational counselling and career guidance for young people and designing specific active labour market measures to raise young people's skills and increase their employability.

In the field of education, the Action will build on the results from the **IPA 2009 project Strengthening Capacity Building for Human Development**, which helped prepare the "Principles and Standards for Adult Education"<sup>34</sup> setting out a framework for adult education in a life-long learning context and the recognition of all forms of education (no-formal education, informal learning, recognition of prior learning). The same project also stimulated the drafting of adult education legislation in Bosnia and Herzegovina's cantons and Brčko District<sup>35</sup>. Central to the establishment of better links between the education and the labour market sectors, the project promoted the development of a Qualifications Framework. An "*Action Plan for the Implementation of Qualifications Framework for Bosnia and Herzegovina for the period 2014-2020*" was drafted by an inter-sectoral group and is to be adopted by the Council of Ministers in the near future. The implementation of a Qualifications Framework has already started for some levels of education through the joint EU/Council of Europe project *Strategic Development of Education and Qualifications Standards*.

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<sup>33</sup> YERP is supported through the Millennium Development Goals Achievement Fund financed by the Spanish Government and implemented by United Nations Development Programme (UNDP), United Nations Children's Fund (UNICEF), United Nations Population Fund (UNFPA), International Organisation for Migration (IOM) and United Nations Volunteers (UNV)

<sup>34</sup> Adopted by the Council of Ministers on 4<sup>th</sup> April 2014

<sup>35</sup> A Law for Adult Education was already adopted in Republika Srpska

## 2. INTERVENTION LOGIC

### LOGICAL FRAMEWORK MATRIX

| OVERALL OBJECTIVE  | OBJECTIVELY VERIFIABLE INDICATORS (OVI)  | SOURCES OF VERIFICATION   |   |
|--|--|---|---|
| To raise standards of living and social cohesion in Bosnia and Herzegovina through inclusive sustainable socio-economic development  | Employment rate (% of the 20-64 year-old to be employed)   | Yearly Labour Force Survey (LFS)<br>Statistical Office<br>Eurostat <sup>36</sup>  |   |
| SPECIFIC OBJECTIVE   | OBJECTIVELY VERIFIABLE INDICATORS (OVI)  | SOURCES OF VERIFICATION   | ASSUMPTIONS   |
| To stimulate economic activity and employment and promote social inclusion at the local level through integrated local development in areas affected by floods, areas with a large percentage of refugees/returnees/internally displaced persons and other most vulnerable areas.  | Turnover of local SMEs<br>Jobs creations   | Statistical Office<br>Evaluation reports  | There is sufficient economic growth in Bosnia and Herzegovina and it is evenly distributed across the country   |
| RESULTS  | OBJECTIVELY VERIFIABLE INDICATORS (OVI)  | SOURCES OF VERIFICATION   | ASSUMPTIONS   |
| <p><b>Result 1:</b> Local partnerships are capable of defining and steering effective local economic, employment and labour market and social inclusion policies in line with local needs</p> <p><b>Result 2:</b> Investment needs in local authorities are addressed to deal with the long-term consequences of 2014 floods and achieve the objectives of local integrated development strategies/action plans</p> <p><b>Result 3:</b> Livelihood and social needs of local communities are addressed, in particular for returnees/refugees and IDPS, households affected by 2014 floods and other vulnerable groups</p> <p><b>Result 4:</b> Local employment policies are successfully implemented in line with adopted local strategies and needs</p> <p><b>Result 5:</b> The capacity of vocational education and training (VET) schools/local training providers/ Life Long Learning (LLL)/adult education in developing and delivering quality courses in line with labour market requirements is strengthened</p> | <p>Integrated local development approach to local planning</p> <p>Percentage of flood-damaged infrastructure repaired</p> <p>SME development, number of new SMEs</p> <p>Value chain development, , number of new value chains</p> <p>Number of unemployed trained</p> <p>Number of active labour market measures implemented</p> <p>Number of schools adopting and equipped for innovate teaching methods and new curricula adapted to the needs of labour market</p> <p>Number of links partnerships between education and private sector established</p> | <p>Evaluation reports</p> <p>Progress and monitoring reports</p> <p>Needs Assessment Report of flood-affected areas</p> <p>Local integrated development strategies/action plans</p> | <p>Integrated local development partnerships are sustained, best practices are mainstreamed and there are sufficient resources for pursuing and expanding integrated local development policies</p> |
| ACTIVITIES   | MEANS  | OVERALL COST  | ASSUMPTIONS   |
| <p><b>Activities related to Result 1:</b></p> <p>1.1 Support to local services delivery</p> <p>1.2 Participatory, integrated and socially-inclusive strategic planning and project development</p> <p><b>Activities related to Result 2</b></p> <p>2.1 Grant scheme for integrated local development</p> <p><b>Activities related to Result 3</b></p> <p>3.1 Livelihoods and business development support for sustainable returns</p> <p>3.2 Social protection and inclusion of disadvantaged groups</p> <p><b>Activities related to Result 4</b></p> <p>4.1 Grant Scheme for local employment partnerships and active labour market measures</p> <p>4.2 Strengthening the capacity of Employment Partnerships to implement effective employment policies</p> <p>4.3 Capacity building for local employment offices</p> <p><b>Activities related to Result 5</b></p> <p>5.1 Support to TVET schools/ training providers in LLL and adult education</p>   | <p>Indirect Management Delegation Agreements with UNDP (Results 1 to 3) and with ILO (Result 4 and 5)</p>  | <p><i>EUR 11.1 million</i></p>  | <p>There is sufficient willingness among stakeholders to cooperate</p> <p>There is continuing political commitment to local development policies</p>  |

<sup>36</sup> [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=cpc\\_siemp&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=cpc_siemp&lang=en)

## ADDITIONAL DESCRIPTION

Under **Results 1 to 3**, the Action will target primarily the municipalities/cities eligible under the Regional Housing Programme and those affected by the 2014 floods. The list of participating municipalities/cities will be agreed upon start of implementation based on housing solutions agreed within the Regional Housing Programme and identified recovery needs in flooded areas. However, it is expected that approximately 40 local governments may benefit from the Action. The implementation areas may include adjacent localities whenever justified e.g. access to employment and economic opportunities, solutions addressing environmental problems across municipal boundaries, etc.

Under **Result 4 and 5**, the Action will target municipalities which have been hit by the floods in 2014 and other vulnerable municipalities with highest unemployment rate. The Action's final beneficiaries are not limited to returnees/refugees and IDPs and households affected by the floods. The whole population of targeted local authorities are in fact to benefit from activities and ultimately from higher municipal development levels to be achieved through the Action.

The Action puts a high emphasis on the fight against unemployment and informal employment through more effective and partnership-based employment policies at the local level. The Action is designed to raise the employability, increase the relevance of short term training for adults in line with the needs of the economy, improve the allocation of the labour force to existing employment opportunities and activate people excluded from the labour market. Particular attention will be given to flood-affected areas and providing support in recovery of these areas through supporting either new jobs creation or recovery of lost jobs, or maintaining jeopardised jobs due to the floods.

### ***Result 1: Local partnerships are capable of defining and steering effective local economic, employment and labour market and social inclusion policies in line with local needs***

Result 1 will be implemented through two main activities: 1) Support to local governance and local development management and 2) Participatory, integrated and socially-inclusive strategic planning and project development.

- **Activity 1.1 Support to local services delivery:** this activity will strengthen administrative capacity and custom-service responsiveness of local authorities to ensure effective delivery of services under their responsibility with the minimum of cost and delay to businesses and citizens. The activity will also promote more efficient and accountable public service delivery through Information Technology (IT) solutions, the reduction of red tape and regulatory obstacles for SMEs, and the development of e-Government. Furthermore, the activity will introduce effective administrative structures to steer policy design and delivery in the area of social protection and inclusion (technical and training support, facilitation).
- **Activity 1.2 Participatory, integrated and socially-inclusive strategic planning and project development:** this activity will help the establishment and operation of genuine development partnerships in targeted local authorities, regrouping all relevant stakeholders (including CSOs, interest groups, private sector, local institutions and individual citizens) interested in the development of the area. The Action will support local authorities and stakeholders in reaching a consensus around development priorities. As a result, local development strategies<sup>37</sup> reflecting the whole spectrum of socio-economic needs will be developed and adopted. Strategies will be fully compatible with the governments' higher policy priorities. The Action will help local authorities design feasible action plans to implement their strategy. Action plans will consist in a coherent package of social, economic, educational and environmental measures with identified sources of funding. In this respect, the Action will support the local authorities in identifying and accessing funding opportunities available for local development from country-wide, entity and local level

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<sup>37</sup> Based on the standardised methodology for integrated local development planning in Bosnia and Herzegovina, recommended to all local governments by both entity Governments in late 2010.

resources and international donors' programmes<sup>38</sup>. Very importantly, the Action will help create a project pipeline with the necessary technical documentation and feasibility studies as required. Finally, the Action will help local partnerships set up effective monitoring and evaluation systems to measure progress made towards meeting the objectives and targets of the integrated development strategy and action plans.

**Result 2: Investment needs in local authorities are addressed to deal with the long-term consequences of 2014 floods and achieve the objectives of local integrated development strategies/action plans**

Result 2 will be reached with the following activity:

- **Activity 2.1 Grant scheme for integrated local development<sup>39</sup>**: calls for proposal will be launched to support eligible municipalities/cities in addressing investment needs in line with their development priorities. Proposals should therefore relate to any issue recognised by the local partnership as a development priority - e.g. *water supply and sanitation, roads, pre-school, school, social, health, houses for the elderly, culture infrastructure and equipment; floods prevention, cultural/sport/tourism development; electricity network, energy efficiency; environment protection and rural development, business infrastructure, etc.* Any organisation represented in the partnership will be eligible to participate in the grant scheme. Proposals should always include more than one partner. Inter-municipal projects will be encouraged. Detailed priorities, selection criteria and rules for applying will be developed in guidelines for applicants prior to each call for proposals. The grant scheme could potentially utilise the entity Local Development Funds as public financial mechanisms meant to support local development, thus ensuring vertical coherence of development priorities and contributing to national ownership and sustainability of investments. All infrastructure development supported under the grant-scheme will be in line with the standards and requirements related to ensuring accessibility of persons with disabilities and energy efficiency. Before calls are launched, the Action will be used to help partners generate a project pipeline in line with adopted strategies/action plans and provide support in developing quality proposals i.e. with clear activities and timetable, assigned responsibilities and realistic budgets. An independent evaluation panel will select the best proposals on a competitive basis. Support will be available to grant beneficiaries during the implementation of their project.

**Result 3: Livelihood and social needs of local communities are addressed in particular for returnees/refugees and IDPs, households affected by 2014 floods and other vulnerable groups**

Result 3 will be implemented through two activities:

- **Activity 3.1 Livelihoods and business development support for sustainable returns**: the Action will help local communities achieve sustainable livelihoods. It will support the creation and growth of SMEs through support to labour force employability and mobility, incentives for local entrepreneurship, facilitation of access to finance for start-up, necessary investment and material support and improved access to markets through certification and standardisation of products; access to quality extension services in rural areas and effective public-private dialogue. The activity will be synergised with the IPA SMEs Development Actions<sup>40</sup> and their territorial coverage. The activity will also support rural and agricultural development, in particular through the development of extension services and agriculture infrastructure and support to small producers. Assistance within this activity will be engineered to follow the value-chain approach to economic development, based on a priority sector and targeting regional competitiveness. It will provide *ad-hoc* support to flood-affected farmers to help them rebuild their production capacities. The activity will also address the specific needs of returnees/refugees and IDPs in local authorities involved in

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<sup>38</sup> In particular, the Action will coordinate closely with the IPA 2014 SMEs Development Action, from which funds will be available to promote local economic development

<sup>39</sup> Considering its nature, this Result will be investment-heavy and envisaged financial resources for its delivery amount to app. 60% of total Action funds

<sup>40</sup> IPA 2014 SME Competitiveness Support Facility  
IPA 2013 Strengthening SMEs Competitiveness.

the Regional Housing Programme through specific sustainability measures<sup>41</sup>.

- **Activity 3.2 Social protection and inclusion of disadvantaged groups:** the Action will promote the socio-economic integration of disadvantaged groups (returnees/refugees and IDPs, households affected by floods, youth, ethnic minorities, long-term unemployed, women, Roma, children, people with disabilities, elderly, etc.) into the society. The quality of services targeting these groups will be enhanced and monitored in the participating municipalities/cities and capacity-building and assistance will be available for schools, health institutions, employment bureaux, etc, playing a key role in the implementation of local social inclusion policies. The principle of partnership - in particular between local authorities and the civil society - will be applied in identifying needs and devising sustainable solutions. The best initiatives addressing strategic priorities will receive funding through a grant scheme. The latter could include the development of integrated services (employment, education, health, social and livelihood support) for specific categories of vulnerable groups, actions in favour of children with disabilities, inclusive education, social inclusion measures in favour of Roma, child protection services and referral mechanisms, sustainability measures in favour of returnees/refugees and IDPs, etc.

#### **Result 4: Local employment policies are successfully implemented in line with adopted strategies and needs**

Result 4 will be reached through three activities:

- **Activity 4.1 Grant Scheme for local employment partnerships and active labour market measures (ALMMs):** a bulk of the budget available for this Action will be used to finance concrete employment measures under a grant scheme for employment partnerships. A call for proposals will be launched by the ILO with the overall goal of increasing the employability of the labour force and bringing more people to the labour market, in particular in flood-affected areas.

Any project proposal which falls within the priorities identified in the local employment strategies/action plans will be eligible for funding. Projects addressing job creation/recovery in flood-affected areas will be given priority.

An eligible project is likely to consist of a package of active labour market measures/employment measures such as:

- Training and retraining of the unemployed;
- Labour force skills development;
- Promotion of entrepreneurship and self-employment, in particular among young people;
- Employment incentives for companies;
- Employment incentives for start-ups;
- Job subsidies for self-employment;
- Apprenticeship schemes;
- Job clubs;
- Job fairs;
- Tailored-made measures to promote employment among women and specific categories of vulnerable groups (youth, minorities, returnees and IDPs, households affected by floods) and hard-to-employ people (people with no qualifications, long-term unemployed, people with disabilities, Roma, etc);
- Upgrading and extending employment services for job seekers;
- Improving the relevance of Technical Vocational Education and Training (TVET) courses to employers' needs through development/updating of curricula based on skills needs assessment;
- Development of adult education and life-long learning, including equipment needs methodological tools and enhancement of teaching capacity;
- Promotion of entrepreneurial training, innovation and creativity in education;
- Promotion of vocational guidance and career counselling (VGCC) tailored to the needs of unemployed people, in particular from disadvantaged groups.

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<sup>41</sup> Based on the best practices from IPA 2012 Support to durable solutions of Revised Annex VII DPA Implementation Strategy

The quality of project proposals will depend to a great extent on the common understanding of labour market needs, the quality of labour market information and analysis; and the ability of project partners to design and implement relevant responses together. The grant beneficiaries, selected under Result 1 will have a possibility to provide grants to third parties up to 60 000 EUR per third party. The recipients of the small scale grants will have to be identified during the grants' competition phase. In addition, the purchase of equipment will be allowed in line with EU rules and procedures when the latter is necessary for the implementation of the proposed active labour market/employment measures.

The conditions for participating in the grant scheme will be publicised in guidelines for applicants. The applicants will be either local authorities or civil society organisations. The obligatory partners will be the local employment offices, employers and educational institutions. The best projects will be assessed by an evaluation committee based on defined criteria for grants, which will be published in guidelines for applicants. Prior to the call for proposals, the ILO will organise information and training sessions to prepare all eligible applicants (flood-affected municipalities and other most vulnerable municipalities) for the grant scheme. In addition, the ILO will ensure that the grant scheme is available only for flood-affected municipalities/cities and other vulnerable municipalities/cities across the country (i.e. with the highest unemployment rates).

The ILO will help the municipalities/towns, which received a grant, to make the most out of their project, guiding them during implementation, providing ad hoc support and advice related to the implemented active labour market measures and promoting best practices in employment policies.

- **Activity 4.2 Strengthening the capacity of Employment Partnerships to implement effective employment policies:** the Action will encourage the development and strengthen the capacity of local employment partnerships and its members (local authorities, employers, employment offices, educational institutions and civil society organisations) to lead effective employment policies and draw the lessons from their involvement in the grant scheme. In this context, the role of the partnership should be to survey employers' and potential investors' needs and to better understand the local labour market (in particular training needs of the labour force) through the collection, interpretation and use of labour market data and surveys and evaluations from implemented employment measures. The aim should be to achieve a consensus among stakeholders on the best solutions for combating unemployment and fostering new jobs. Particular attention will be paid to youth unemployment, long term unemployed and disabled people as well as job creation/recovery in flood-affected areas.

In order to be able to take part in the grant scheme organised under Result 4, employment partnerships should devise and adopt a local employment strategy and action plan. Local employment offices should play a pro-active role in steering and coordinating the partnership process in the framework of employment policies defined at entity and state levels.

Local employment partnerships will also be responsible for monitoring and evaluating the implementation of employment projects funded through the employment grant scheme under Result 4. In particular, partnerships should be able to assess the results and draw the lessons from implemented measures in order to improve employment policies in the future. Local employment offices will play an important role in feeding back and mainstreaming successful policies throughout the public employment services.

- **Activity 4.3 Capacity building for local employment offices:** building on previous IPA projects, the ILO will also provide support and advice to local employment offices of municipalities/towns selected under Activity 4.1 to help them steer and coordinate the partnership process and improve the effectiveness of employment services. Support will be available to improve the range of personalised services for jobseekers through individual case management based on the diagnosis of individual needs, skills and competences. The ILO will assist employment offices' efforts to reach out to unemployed from vulnerable groups by adapting working methods and tailoring vocational guidance and career counselling to the needs of these categories. Finally, assistance will be available for disseminating the results of this Action to other municipalities/towns and ensuring the mainstreaming of successful policies throughout the public employment services.



**Result 5: The capacity of vocational education and training (VET) schools/local training providers / Life Long Learning (LLL) / adult education in developing and delivering quality courses in line with labour market requirements is strengthened**

- **Activity 5.1 Support to TVET schools/ training providers in LLL and adult education:** the ILO will provide assistance to the education institutions represented on the partnerships selected under Activity 4.1 to identify their needs and assist in the development of training and re-training programmes. In addition to equipment support, this will include advice and assistance with the revision of curricula in line with labour market needs, the development of short term training addressing the need for skills and competences, in particular for young people, the recognition of all forms of learning and the establishment of strong links with employers and the private sector. The Action will also provide support to ensure that these activities are implemented in accordance with all applicable policies and regulations in the sector and in close consultation with the responsible authorities. The provision of training services must be clearly defined in close collaboration with all stakeholders for purposes of development of needs based curricula but also to ensure that efficient service provider is installed with training certification in place.

### **3. IMPLEMENTATION ARRANGEMENTS**

#### **ROLES AND RESPONSIBILITIES**

The United Nations Development Programme and International Labour Organisation will be responsible for the overall management and implementation of the Action. A Project Steering Committee consisting of all relevant stakeholders will guide the implementation of the Action. Its exact composition will be agreed at the beginning of the implementation of the Action.

At the local level, the international organisations' main counterparts will be the participating local authorities, as well as the members of the local development partnerships, which will include representatives from the local authorities, private sector, business support organisations, cooperatives, employers' associations, trade-unions, employment services, civil society organisations, development agencies and any other relevant stakeholder. The Action will be implemented in accordance with the applicable and relevant laws and regulations and in close consultation with responsible authorities at state, entity and canton-level. The Action will also involve both entity Associations of Municipalities and Cities as important coordination bodies, which can act as a platform for exchanging ideas and disseminating best-practices. Whenever possible, the Associations will be invited in order to expand the outreach to local authorities country-wide and enable best-practice exchange. Likewise, cooperation with responsible regional/local development agencies will be ensured.

The Action will last three years. It will be closely coordinated with the Regional Housing Programme and other IPA related Actions (IPA 2013 and 2014 SME Actions<sup>42</sup>).

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

The Action will be implemented by means of Delegation Agreements with the UNDP and ILO of an indicative amount of EUR 10 million. Co-financing of 10% is to be provided by the UNDP and ILO. The duration of the Action will be three years.

The UNDP will be responsible for carrying out all activities under Results 1, 2 and 3 of the Action while the ILO will be responsible for activities related to Result 4 and 5. Both institutions will ensure that results and targets are reached within the applicable deadlines. In particular, they will be in charge of carrying out procurement and grant award procedures, and awarding, signing and executing the resulting procurement and grant contracts.

The UNDP and ILO will develop for their respective results and activities Implementation Plans and an Implementation Manuals upon the start of the Action, in order to detail responsibilities, rules of implementation, timetable of activities, budget breakdown and procurement modalities and plans.

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<sup>42</sup> IPA 2014 SME Competitiveness Support Facility and IPA 2013 Strengthening SMEs Competitiveness.

## 4. PERFORMANCE MEASUREMENT

### METHODOLOGY FOR MONITORING (AND EVALUATION)

**Monitoring at project level:** both international organisations will be responsible for monitoring the implementation of the respective projects and the Action in line with the set of indicators. At the start of implementation, the UNDP and ILO will refine the matrix of indicators for the Action after undertaking the necessary research and data collection to define accurate baselines and realistic milestones and targets. The matrix of indicators will be discussed with the EU Delegation and approved by the Steering Committee. The monitoring arrangements (including data to be collected, responsibilities, tools and frequency of monitoring activities) will be detailed in the Implementation Manuals to be developed at the start of the Action.

**Monitoring at sectoral and programme level:** the National IPA Coordinator services (NIPAC services in the Directorate for European Integration – DEI) has set a sub-unit in charge of Monitoring and Evaluation. In accordance with the current practice, this sub-unit ensures the preparation of reports and analysis required for monitoring EU funded projects and programmes by the IPA Monitoring Committee (IPA MC). The NIPAC services organises the IPA MC meetings. It also interacts with the Council of Ministers and the Parliament to address questions on the implementation of the EU funded projects.

In line with the Framework agreement to be signed between Bosnia and Herzegovina and the EC<sup>43</sup>, an IPA MC and relevant Sectoral Monitoring Committees (SMC) will be set and will adopt their respective rules of procedures. The IPA MC will meet at least once a year and the SMC at least twice a year. The NIPAC services will implement the procedures applicable for the preparation of implementation reports covering the technical and financial execution of the Action and to be examined by the SMC and IPA MC. The implementation reports will allow the SMC to measure progress in relation to achieving the objectives of the Action and expected outputs, results and impact by means of the indicators related to the baseline situation. The IPA MC will review “the overall effectiveness, efficiency, quality, coherence, coordination and compliance of the implementation of all actions towards meeting the objectives set out in the Financing Agreements and the country strategy papers” and will base itself on the information to be provided by the SMC.

**External monitoring:** in addition, the Action may be subject to Result orientated Monitoring (ROM). The NIPAC Services ensures that ROM reports are circulated as need may be and follow-up the implementation of the related recommendations, including – when relevant - at the level of the IPA MC.

**Evaluation:** the Action will be subject to interim and ex-post evaluation in line with the General principles of evaluation of IPA II Assistance. The results of evaluations will be taken into account by the IPA MC and SMC under the aegis of the NIPAC Services.

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<sup>43</sup> Framework agreement between Bosnia and Herzegovina and the EC on the arrangements for implementation of union financial assistance to Bosnia and Herzegovina under the instrument for pre-accession assistance (IPA II)

## INDICATOR MEASUREMENT

| Indicator   | Description   | Baseline 2010  | Last available 2012 | Milestone 2017 | Target 2020 | Source of information  |
|---|---|----------------|---------------------|----------------|-------------|--|
| <b>Overall objective</b>                            | <b>CSP indicator(s) (outcome/impact)</b>  |                |                     |                |             |  |
| Level of employment                                 | This indicator measures the employment rate in terms of percentage of the 20-64 year-old to be employed   | 68.4%          | 68%                 | 72%            | 75%         | Yearly Labour Force Survey (LFS) Statistical Office Eurostat <sup>44</sup>   |
| <b>Specific objective</b>                           | <b>Outcome indicator(s)</b>   |                |                     |                |             |  |
| Turnover of local SMEs                              | This indicator measures the increase in the turnover of SMEs targeted by the Action   | Not applicable | Not applicable      | 30%            | 50%         | Statistical Office Evaluation reports  |
| Jobs creations                                      | This indicator measures the number of jobs creations at least 12 months upon projects' completion broken down per gender and target groups                                      | Not applicable | Not applicable      | 6 000          | 10 000      | Statistical Office Evaluation reports  |
| <b>Result 1</b>                                     | <b>Immediate results indicator(s) / significant output indicator(s)</b>   |                |                     |                |             |  |
| Level of integrated local development               | This indicator measures the share of local authorities in the country applying an integrated local development approach to local planning                                       | Not applicable | Not applicable      | 60%            | 100%        | Evaluation reports   |
| <b>Result 2</b>                                     | <b>Immediate results indicator(s) / significant output indicator(s)</b>   |                |                     |                |             |  |
| Percentage of flood-damaged infrastructure repaired | This indicator measures the percentage of flood-affected infrastructure repaired against targets set in the Needs Assessment Report and integrated local development strategies | Not applicable | Not applicable      | 60%            | 100%        | Evaluation reports<br>Progress and monitoring reports<br>Needs Assessment<br>Reports of flood-affected areas<br>Local integrated development strategies/action plans |

<sup>44</sup> [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=cpc\\_siemp&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=cpc_siemp&lang=en)

| Indicator   | Description   | Baseline 2010  | Last available 2012 | Milestone 2017 | Target 2020 | Source of information                                 |
|---|---|----------------|---------------------|----------------|-------------|---|
| <b>Result 3</b>   | <b>Immediate results indicator(s) / significant output indicator(s)</b>   |                |                     |                |             |   |
| <b>SME development, number of new SMEs</b>  | This indicator measures the number of new SMEs in the target areas  | Not applicable | Not applicable      | 30             | 100         | Evaluation reports<br>Progress and monitoring reports |
| <b>Value chain development, number of new value chains</b>  | This indicator measures the number of new value chains in the target areas  | Not applicable | Not applicable      | 5              | 10          | Evaluation reports<br>Progress and monitoring reports |
| <b>Result 4</b>   | <b>Immediate results indicator(s) / significant output indicator(s)</b>   |                |                     |                |             |   |
| Number of unemployed trained  | This indicator measures the number of unemployed people trained by the Action   | Not applicable | Not applicable      | 50 000         | 100 000     | Progress and monitoring Reports<br>Evaluation reports |
| Number of active labour market measures implemented   | This indicator measures the number of active labour market measures implemented in the target area  | Not applicable | Not applicable      | 100            | 200         |   |
| <b>Result 5</b>   | <b>Immediate results indicator(s) / significant output indicator(s)</b>   |                |                     |                |             |   |
| Number of schools adopting and equipped for innovate teaching methods and new curricula adapted to the needs of labour market | This indicator measures the number of schools adopting and equipped for innovate teaching methods and new curricula adapted to the needs of labour market | Not applicable | Not applicable      | 10             | 20          | Progress and monitoring Reports<br>Evaluation reports |
| Number of links partnerships between education and private sector established   | This indicator measures the number of links or partnerships which have been established between education and private sector                              | Not applicable | Not applicable      | 10             | 20          |   |

## **5. CROSS-CUTTING ISSUES**

### **ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)**

The Action will contribute to the protection of the environment in line with the needs identified in the local development strategies. Environmental consideration will be integrated in local development strategies/action plans i.e. priority and measures included should demonstrate that they have no harmful impact on the environment.

The Action will support municipalities of flooded-areas to deal with the environmental consequences of the May 2014 floods, to implement prevention measures against flooding and put in place emergency mechanisms to deal with such disasters in the future. In addition, the Action will ensure energy-efficient construction/rehabilitation of public and private infrastructure in target areas.

Regarding employment policies, environmental consideration will be integrated in strategies/action plans i.e. employment partnerships will only support active labour market measures for non-polluting commercial, industrial and service activities.

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

The Action targets civil society organisations either as members of local development partnerships, or as partners in the implementation of some activities, in particular regarding the establishment of community-based social services or sustainability measures for returnees and IDPs.

The Action has been designed taking into account the following fact: while engagement of the civil society in local affairs has improved, there is still a significant need for activating socio-economic stakeholders and improving citizen participation in public life. Support will therefore be offered for further strengthening the interaction between local authorities and the civil society, as well as professionalising civil society organisations to play scrutinising and partnership role in public life, while offering a diversified set of services to the citizens and socially vulnerable groups.

Moreover, reaching out to the grass root level – i.e. local communities – will provide indigenous possibilities for grass-root community development and effective citizen participation in public life, placing special focus on the socially excluded groups. The Action will also strengthen the links between local employment offices and the civil society and give opportunity to civil society organisations to build their capacity in the field of employment and labour market.

### **EQUAL OPPORTUNITIES AND GENDER MAINSTREAMING**

The Action will promote equal opportunities among targeted vulnerable groups i.e. households affected by floods, children, young people and women from disadvantaged background, Roma and other ethnic minorities, IDPs, returnees/refugees, long-term unemployed and persons with disabilities.

Women are identified as one of the vulnerable groups on the labour market. The Action will encourage the development of active labour market measures targeting women in order to increase their employability, facilitate access to all sectors of activity and to more productive, higher skilled and thus better paid employment, expand training opportunities for low-skilled women and support both women and men in combining family life and childcare with economic activity.

Special attention will be given to mainstreaming the gender perspective during the implementation of the Action, in particular when establishing local development partnerships, designing and implementing specific development priorities/measures/projects with local stakeholders to favour gender-equality.

Attention to the gender composition of project teams will also be paid. Training to local partnerships will include topics on equal opportunities and gender mainstreaming in the context of local development.

### **MINORITIES AND VULNERABLE GROUPS**

The involvement of minorities and vulnerable groups is at the very heart of the Action: one of its aims is to achieve greater social cohesion. An entire component is devoted to minorities and vulnerable groups, (in particular returnees and IDPs and households affected by the 2014 floods) to help them integrate into

the society through a combination of employment and social inclusion measures. The Action is designed to encourage the development and mainstreaming of adequate community-based social services to the specific needs of vulnerable population and minorities. Likewise, one of the objectives of the Action is to increase the employability of vulnerable groups and hard-to-employ people through better targeted and more relevant active labour market measures.

More innovatively, the project will promote integrated services combining employment, education, health, social and livelihood support. The specific groups which the Action will address include households affected by floods, children young people and, women from disadvantaged background, long-term unemployed, Roma and other ethnic minorities, IDPs, returnees/refugees, persons with disabilities, etc.

## **6. SUSTAINABILITY**

The sustainability of results will be achieved through the capacity created at the local level for leading development policies in an integrated and participatory approach. The high involvement of stakeholders in strategy design and implementation will create ownership and long-term links and commitment among partners. The partnerships will continue to function as the main instrument for discussing needs and creating consensus around development priorities. Since the partnership principle and the adoption of strategies and action plans are increasing requirements for accessing donors' funds, local stakeholders will be interested in keeping alive their local development partnerships.

Moreover, successful local authorities will serve as examples for others, encouraging the adoption and adaptation of tested methods and solutions to different and new contexts. In this respect, the Associations of Municipalities and Cities should take up the role of coordinator and initiator of new initiatives in favour of municipalities and local development. With regarding to employment policies, employment agencies at state, entity-level, canton and Brčko District must take up a coordinating role and ensure the dissemination and mainstreaming of best practices through their network of local offices.

## **7. 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.

Communication will be directed to three different audiences: the partners directly involved in the implementation of activities i.e. local authorities and members of local partnerships, the final beneficiaries e.g. SMEs, returnees/refugees and IDPs, farmers, producers, households affected by the floods, etc. and the public at large. The UNDP / ILO will develop communication messages and tools adapted to these different audiences. These will be detailed in the Communication and Visibility Plan to be drafted at the beginning of the Action. All necessary measures will be taken to publicise the fact that the Action has received funding from the EU, in line with the Communication and Visibility Manual for EU External actions.

During the Action will particular emphasis will be put on the dissemination of best-practices and exchange of information in order to increase the impact of results and bring a multiplier effect to other parts of the country.

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 at highlighting to the relevant target audiences the added value and impact of the EU's interventions. Visibility actions should also promote transparency and accountability on the use of funds.

It is the responsibility of the UNDP / ILO to keep the EU Delegation fully informed of the planning and implementation of the specific visibility and communication activities. The UNDP / ILO shall report on its visibility and communication actions and related information will be submitted to the IPA monitoring committee and the sectoral monitoring committees in the reports on implementation of the Annual Programme for Bosnia and Herzegovina (2014).