



Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 18-Dec-2019 | Report No: PIDC196522



BASIC INFORMATION

A. Basic Project Data

Project ID	Parent Project ID (if any)	Environmental and Social Risk Classification	Project Name
P171433		Low	Bosnia and Herzegovina Provision of Private Employment Services
Region	Country	Date PID Prepared	Estimated Date of Approval
EUROPE AND CENTRAL ASIA	Bosnia and Herzegovina	18-Dec-2019	
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	KOLEKTIV DOO	Kolektiv doo	

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PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	0.85
Total Financing	0.85
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	0.85
Miscellaneous 1	0.85

B. Introduction and Context

Country Context

Bosnia and Herzegovina is a country characterized by an extremely weak labor market. Inactivity and unemployment amongst the most productive segments of the labor force are high. Even if unemployment has decreased in the last couple of years (from 27.7 percent in 2015, to 18.4 percent in 2018), most likely due to a combination of factors ranging from the economic growth in the Europe which might have contributed to out migration, the return of positive domestic growth since 2015, the change in labor regulations (with collective agreements void to be re-negotiated), the increased investment in active labor market policies (ALMPs) among



other reforms. Still, it is one of the highest in the region. Moreover, more than 85 percent of the unemployed have been out of formal work for longer than 12 months and almost a third of the employed do not have a formal job (defined as lacking health insurance and pension contributions). A bigger problem is the high level of inactivity, which in 2018 was 57.95 percent. Inactivity rates are considerably higher among women (60.7 percent in 2018) and youth (LFS, 2018).[1]

With this gloomy picture of the labor market, the efficiency of ALMPs is fundamental. The Federal Employment Institute (FEI) and the Cantonal Employment Offices have been administering ALMPs in an increasing way for the last 5 years and more. These programs are of varied nature, and little is known about their impact as only a few had been impact evaluated in FEI. In addition, neither the FEI nor the local offices have formal collaborations with private providers of employment services.[2] And thus, many private providers of employment services are perceived of serving only the high-skilled end of the labor market.

This Concept Note proposes a pilot activity relying on private providers of employment services to support the unemployed registered with the public employment services (PES). The target group of beneficiaries would be vulnerable unemployed, and the pilot—through robust evaluations—aims to draw lessons on efficient ALMPs, and on promoting the use of private providers of employment services by PES.

The pilot will focus on vulnerable unemployed. Overall, in both entities, unemployment is more widespread among the less educated and relatively older workers, and among more women in the Federation. See Figure 1 for more details.

In the Republika Srpska, unemployment mainly affects middle-aged workers with low educational qualifications. In 2018, there were 69,000 unemployed in the Republika Srpska (RS) (LFS 2018), of whom 60 percent were male. The inactivity rate, including those discouraged from active job search, is significantly higher. In total, 460,000 or 19% of the total working age population in BiH are inactive. With respect to educational qualifications, almost 72% percent of the unemployed have a secondary school degree. In terms of age distribution, middle-aged and older workers between 30 and 59 are most likely to be unemployed. The slight decline in unemployment from age 50 onwards can likely be associated to early retirement.

In the Federation of Bosnia and Herzegovina, workers with low educational qualification across all age groups are the largest share among the unemployed. The Federation of Bosnia and Herzegovina (FBH) had a total of 112,000 unemployed in 2018 (LFS 2018), with women being slightly overrepresented among them (58 percent of all unemployed). The 45.9 percent of all unemployed in FBH have completed secondary school or less.



Sectoral and Institutional Context

B. Sectoral and Institutional Context

Jobs promotion has been a priority policy reform area for the BIH. In this vein, the government has been pursuing regulatory reforms on the labor law and labor taxation to reduce constraints on firm expansion and new hires, as well as reforms to reduce informality and strengthen provision of employment services targeted to youth and those with weaker labor market attachment. Progress has been made on a number of fronts to mention only a few: new Law on Intermediation in Republika Srpska (which stipulates delinking of health contribution administration to unemployed), the Rulebook on the Law on Registration of unemployed persons in FBH (that introduces active and passive jobseekers registries), new Law on contributions has been drafted in FBH. However, there is still more work to be done.

Over the last five years, the World Bank has been deeply engaged in BIH on the formal private sector jobs promotion agenda. The support to the government has been directed to improve: (i) the regulatory environment and incentives for businesses to create jobs (i.e. strengthen the labor demand), and (ii) employability of the workforce (i.e. strengthen the labor supply)—especially of youth and those with more employment barriers such as the long term unemployed, 45 years and older, those with low skills and other vulnerable groups of the population, and (iii) the effectiveness and efficiency of job brokerage to match jobseekers with employers. The support has been channeled through financial resources as well as technical assistance.

The World Bank Board has approved a loan in January 2017 financing an Employment Support program which is benefiting both the Federation of Bosnia and Herzegovina (FBH) and the Republika Srpska (RS). The program is now approaching the end of the second year of implementation, and it has already contributed to the employment of 22,000 jobseekers in Bosnia and Herzegovina. Further to this, the program has a strong learning component built around loan disbursements linked to improving the effectiveness of existing ALMPs based on rigorous evidence (such as impact evaluations or quasi-impact evaluations based on administrative data). In addition, this is the first project of the World Bank in the country that is *results-based*—reimburses based on results achieved—instigating an important switch in mindset among government officials. In light of the nature of the challenges the labor force and the private sector in BIH face, this program will still need to be complemented by others. In this vein, the Ministries of Labor and Public Employment Services, in particular, have an interest in learning more about innovative employment support programs that are driven by jobseekers and employers' needs. The provision of private employment services will provide public employment services and ministries in BIH with well documented evidence on the role of private employment service agencies, the cost effectiveness of such services, as well as directly impacting employment of youth and women.



Relationship to CPF

C. Relationship to CPF

All the activities on boosting ALMPs and employment services are aligned with the Country Partnership Framework (CPF) for Bosnia and Herzegovina for the period FY16-FY20 (Report No. 99616-BA of November 14, 2015). Jobs is a principal theme that is covered under 2 of the 3 pillars of the CPF. Reforming the labor market, improving labor market flexibility and social protection, and decreasing the cost of labor are the top priorities of the CPF and the central goal under the pillar for Creating conditions for accelerated private sector growth. At the same time, reducing the size of the public sector while ensuring fiscal sustainability and improving public sector service delivery, is one of the main goals under the pillar for Increasing Public Sector Efficiency and Effectiveness. The proposed activities will complement the above-mentioned efforts and contribute to achieve the objectives of the CPF. Now, the Governments of BiH have multiple priorities with important fiscal constraints, but these objectives remain relevant according to the Performance and Learning Review (PLR) of the CPF (Report No. 130043-BA of December 28,2018). The strong alignment with the CPF and governments' priorities, as well as the significant externalities to other countries in the Western Balkans calls for World Bank partnership with donors to mobilize financing to leverage WB expertise in the subject area.

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C. Project Development Objective(s)

Proposed Development Objective(s)

A. Proposed Development Objective(s)

The development objective of the project is to support hard to employ jobseekers, youth and women, to transition into jobs through a suite of private employment services based on individual and market needs.

Key Results

B. Key Results

Achievement of the PDO will be measured by the following indicators:

- i. Number of beneficiaries who have received job search assistance and counseling;



ii. Number of beneficiaries who have received skills or on-the-job training; and

iii. Number of beneficiaries matched with firms/ jobs

Number of jobseekers who have received counseling and job search support and be matched with firms
This includes treatment.

	Value, Number	Date
Baseline	0.00	01-Dec-2019
End Target	1000.00	30-May-2021

Number of beneficiaries receiving skills or on- the -job training and be matched with firms
This includes treatment.

	Value, Number	Date
Baseline	0.00	01-Dec-2019
End Target	500.00	30-May-2021

Number of jobseekers who receive (a) or (b) will be matched to firms which will receive a package of services (training, intermediation, management practices, etc.)
This includes treatment (2 arms).

	Value, Number	Date
Baseline	1.00	01-Dec-2019
End Target	100.00	30-May-2021

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D. Preliminary Description

Activities/Components

A. Activities/Components

This grant will provide a package of private employment services to jobseekers. The Project has two components that are further divided into activities and sub-activities.



Component 1: Provision of private employment services to jobseekers and placement with firms.

This component will pilot private provision of employment services to jobseekers. The component will finance provision of a package of services to jobseekers that will improve their ability to find and hold jobs. It is anticipated that improved intermediation between jobseekers and firms may help to facilitate successful matches and sustained employment. The pilot will be implemented over 18 months, which will allow sufficient time for at least one cohort of jobseekers and firms to benefit from the sequence of interventions, and for the impact of the pilot to be evaluated. The impact evaluation of this project will be carried out with funds from an umbrella project titled “Developing Private Employment Services”.

The provision of services to jobseekers will be implemented by private employment agency, "Kolektiv" doo, who is the grant recipient (referred to as Agency in the further text). The Agency will be responsible for overall implementation of the activity and financial and resource management. The Agency will deliver a package of services to the beneficiaries (i.e. starting with a needs/skills assessment, counseling, skills training, and/or placement in on-the-job training), and report on results. One of the tasks of the implementing agency will also be to actively participate in the identification of potential employers.

The Agency will customize services according to the needs of the beneficiaries and will be expected to provide them in the most cost-effective manner. Also, in this vein, to avoid obvious and egregious “cream-skimming”, the Agency will operate and deliver package of services to jobseekers focusing on a set of beneficiaries with specific characteristics (in this case, long term unemployed and/or low skilled). Successful job placement will be evaluated through a set of characteristics (e.g. wage, type of contract, type of occupation, hours of work) and not simply job placement, all of which characteristics and reporting format will be pre-defined as part of the Disbursement Linked Indicators and verification criteria to be defined in the Project Paper and the Operational Manual.

The activities required to implement Component 1 are as follows:

- (i) Development of a service delivery model and an operations manual which will describe this model and guide implementation
- iii) Outreach to registered unemployed individuals (to be drawn from public employment services registers).
- iii) Delivery of package of private employment services (i.e., needs/skills assessment, skills training, placement for on-the-job training or job (with an employment contract), and job search assistance/counseling) with a focus on women and youth, based on their needs.
- iv) Continuous monitoring of activities to ensure compliance with the process and expected results

Selection of beneficiaries:

The beneficiary job seekers will be drawn from lists maintained by the public employment services and shared with the implementing agency for the project areas. If this is not possible, a public call will be made to announce



the program and collect a pool of potential participants fitting the eligibility criteria. Although women are equally represented or have a slightly higher share than male registered jobseekers, inactivity is much higher among women. For that reason, the program will have a quota for women’s participation and tailor communication and outreach strategies in order to encourage women’s participation in the program. Service providers will be requested to provide life skills and job search assistance sessions (e.g., about available social services, labor market returns in different occupations, job search strategies) at times that are suitable for women with children, and to assign them a female advisor/counselor during the program to advise on specific constraints to finding work that are experienced by women. While they will not be directed to careers for which there is no labor demand or willingness to hire women, the pilot will make efforts to make sure that training and counseling do not channel women exclusively into traditional female occupations.

Component 2: Implementation support and project management

The project will be managed by private employment agency “Kolektiv” doo (the Agency) who will develop a Project Operational Manual (POM). POM will provide details on the composition of the project management team and assigned responsibilities to deliver results as defined in the Project document as well as the detailed timeline for the implementation of activities and budget. This component will finance necessary operational expenditures to facilitate the implementation and monitoring of the project. The Agency will also monitor project implementation on a daily basis to ensure that milestones set forth in the PAD, POM and Grant agreement are achieved. Field visits and interviews with beneficiaries of the project will take place, especially for those beneficiaries (jobseekers) that are placed on “on the job” training in firms to ensure their safety, monitor their status and get feedback on program participation. Employers will also be monitored to check their satisfaction with the jobseekers and discuss future possibilities for the program participants.

.The activities required to implement Component 2 are as follows:

- i) Ongoing monitoring of activities to ensure smooth delivery and implementation of the employment services aligned with the agreed project activities and expected results
- ii) Reporting (quarterly, annual and final reports)

Environmental and Social Standards Relevance

E. Relevant Standards

ESS Standards		Relevance
ESS 1	Assessment and Management of Environmental and Social Risks and Impacts	Relevant



ESS 10	Stakeholder Engagement and Information Disclosure	Relevant
ESS 2	Labor and Working Conditions	Relevant
ESS 3	Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
ESS 4	Community Health and Safety	Not Currently Relevant
ESS 5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8	Cultural Heritage	Not Currently Relevant
ESS 9	Financial Intermediaries	Not Currently Relevant

Legal Operational Policies

Safeguard Policies	Triggered	Explanation (Optional)
Projects on International Waterways OP 7.50	No	
Projects in Disputed Areas OP 7.60	No	

Summary of Screening of Environmental and Social Risks and Impacts

There are no direct risks or negative social or environmental impacts associated with the provision of the services envisaged under this RETF, aside from the labour procedures of the employees of the implementing NGO and the employment agency. However, the potential employers may be companies that operate with associated environmental and/or social impacts. The environmental and social specialist within the implementing agency is to include a screening of such companies and to facilitate training on environmental management and/or occupational health and safety to the potential future employees as well as the companies themselves, as an added value of the activity. The TF supported activities may also enable connections with the Developing Private Employment Services in BiH pilot initiative where consultancy services are provided to companies on improving their business and operations as well as possible environmental and social management improvements, if the companies have relevant environmental and social issues that they need assistance with. The capacity of the selected implementing agency will be adequate, since the Terms of Reference for their operation will be provided by the World Bank, and one of the integrated criteria will be to have an adequate environmental and social expert within the agency. Although this person is not hired at the time (nor is the agency selected), their operation within this activity is conditioned by adequate staffing and no implementation can proceed without an environmental and social specialist in place. The International Labour Organization (ILO) initially – in the Employment Service Convention, placed the main responsibility for organizing service delivery on public authorities. However, constraints in terms of limited employment service delivery, limited capacity to develop skills of Jobseekers to meet labor market needs, limited capacity to develop and were existing enhance the employment of disadvantaged or vulnerable groups through promotion of equality in employment and targeted programs



for such groups and other constraints require the role of private sector service providers to be explored in this area. Based on research of progressive countries, Deployment of private sector employment service providers is seen as a potential market and service gap filling mechanism, maximize service linkages at local level and service provisions to most disadvantaged groups within the unemployed strata. Development of Private Employment Services in Bosnia and Herzegovina (BiH) Provision of services to will target a vulnerable group per se and within this group the ones which the unemployment disproportionately affects. In the context of this Project such groups are recognized as those Jobseeker lower educated, relatively older (in both entities) and women (more in the Federation). Unemployment mainly affects middle-aged workers with low educational qualifications. In 2016, there were 126,000 registered unemployed in the Republika Srpska (RS), of whom 51 percent were male. With respect to educational qualifications, almost 60 percent of the unemployed have less than a secondary school degree; while 30 and 10 percent of all unemployed are secondary school and university graduates, respectively. In terms of age distribution, middle-aged and older workers between 30 and 59 are most likely to be unemployed. The slight decline in unemployment from age 50 onwards can likely be associated to early retirement. The Social profile and sector background is significant from social risk management perspective in terms of mapping the most vulnerable potential beneficiaries the Project intends to target and the perceived exclusion from project benefit sharing opportunities. In the Federation of Bosnia and Herzegovina, workers with low educational qualification across all age groups are the largest share among the unemployed. The Federation of Bosnia and Herzegovina (FBH) had a total of 372,000 registered unemployed in 2016, with women being slightly overrepresented among them (54 percent of all unemployed). 64 percent of all unemployed have completed less than secondary school, making those with low education even more likely to be unemployed than in the Republika Srpska. Again, secondary school and university graduates constitute 27 and 7 percent of all unemployed, respectively. In contrast to the Republika Srpska, the unemployed span the whole age distribution. The marginally lower numbers of unemployed over 50 years of age can probably also be attributed to early retirement. At the concept stage, as a result of the project's architecture the capacity of the implementing entity(ies) to manage social risks attributable to the Project cannot be assessed. Even though the risk related to the social environment especially in rising to the standards and requirements of ESS2, ESS1 and ESS10 are considered to be low, the overall success of the pilot program and relevance of the outcome indicators intended to serve as future benchmarks and lessons learned largely depend on how the risks will be managed and addressed. A summary of key risks as assessed at concept stage is provided below: (i) adequate identification of the more disadvantaged among the already vulnerable strata of unemployed persons (adequate selection and target criteria) to prevent or mitigate perceived exclusion of members of the remaining part of the unemployed population; (ii) adequate management of labor and working conditions related issues, including GM, within the implementing agencies (NGOs to be selected for the purpose of piloting the project); (iii) adequacy of engagement and feedback instruments implemented to ensure dissemination of relevant information (related to core functions of the project i.e. eligibility criteria, vulnerability assessments etc). (iv) The capacity and strength of the implementing agency(ies) to implement the adequate stakeholder engagement programs.

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