

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC1145

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I. BASIC INFORMATION

A. Basic Project Data

Country:	Bosnia and Herzegovina	Project ID:	P152347
Project Name:	Bosnia and Herzegovina Employment Support Program (P152347)		
Task Team Leader(s):	Mirey Ovadiya		
Estimated Appraisal Date:	19-May-2015	Estimated Board Date:	15-Sep-2015
Managing Unit:	GSPDR	Lending Instrument:	Investment Project Financing
Sector(s):	Public administration- Other social services (50%), Other social services (50%)		
Theme(s):	Improving labor markets (50%), Social Safety Nets/Social Assistance & Social Care Services (30%), Other social protection and risk management (20%)		
Financing (In USD Million)			
Total Project Cost:	55.00	Total Bank Financing:	50.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			5.00
International Bank for Reconstruction and Development			50.00
Total			55.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The objective of the proposed operation will be to improve employability and access to jobs of select groups by supporting the expansion and improving the effectiveness of public employment services. The longer term objective of the project is to contribute to better employment outcomes.

C. Project Description

As a key input to the broader jobs agenda, the proposed project will focus on improving

employability and access to jobs by enhancing scope and delivery of public employment services. This will be achieved by strengthening capacity of the PES to assess dynamics of the labor market and adjust the ALMPs to better meet the needs of the employers and jobseekers. In particular, it will help PES to better profile their beneficiaries, and distinguish active job seekers from those registered to obtain health insurance and better equip jobseekers with skills and knowledge to improve their employability, with a focus on the private sector. It will also support demand driven on-the-job training services to address the needs of employers to get adequately trained staff for the existing job vacancies and targeted self-employment initiatives, particularly in the agriculture sector, to promote entrepreneurship and contribute to reduction of the informal economy.. The project will also support the Ministries of Labor to better articulate and promote linkages between PES and CSW and benefits and services provided, to align incentives for employees and employers, social assistance and unemployment beneficiaries and improve effectiveness of employment services.

The design of the project is based on the premise that: (i) reforming public employment services to enable them to better identify the needs of the unemployed/jobseekers and the employers and to customize their services, (ii) re-orienting active labor market measures to be more responsive to labor market conditions and to include provision of the “right skills” needed by the private sector; and (iii) further integration of public employment services with the social assistance to better define public employment services. International evidence suggests that employment services (i.e. intermediation and counseling) are the most cost effective of all labor market programs. Employment and earnings impacts are usually positive, and compared to other ALMPs, these services are inexpensive (Betcherman et al, 2004). Employment services (including career guidance, counseling services, job-search assistance programs such as job search skills training programs, job clubs, vacancy and job fairs, online job search engines) are the most cost- efficient and effective ALMPs if a reasonable supply of job vacancies is available (Kluve 2006, Betcherman et al 2007, Lehmann and Kluve 2008).

Although in countries with large informal sectors and a lower-skilled work-force, complementary measures such as better profiling, segmenting the beneficiary population, customizing services and benefits packages, and providing the right incentives seem to yield better outcomes for the activation of the unemployed and inactive. In the UK, the improvements in the delivery of public employment services, establishment of in-work benefits (e.g. tax credits, dynamic benefit package), and an overhaul of ALMPs (focus on active job-search, extending services to inactive and mobilization of private providers to tackle long-term unemployment) yielded visible reduction in unemployment at relatively low cost (compared to OECD).

Hence, the project aims to contribute to better employment outcomes by reforming public employment services and supporting Ministries of Labor to improve the legislative and regulatory framework for social assistance and labor interventions. It is based on the following principles:

- a. Reform of the PES to adopt a responsive approach to individual and local needs;
- b. Building foundational as well as technical skills of jobseekers and the unemployed to increase employability;
- c. Making space for partnerships between the private, public and NGO sectors to improve quality of services and delivery;
- d. Strengthening the incentive and accountability framework of the regional employment offices to deliver services using a performance based financing approach.
- e. Strengthening the benefit and responsibility framework for the unemployed and the inactive to incentivize the “inactive” to being “active jobseekers” and the “informally employed” to enter the formal economy.

Although BiH faces multiple constraints to resolve the unemployment and/or job creation issue, the proposed project intends to alleviate the constraints on the supply side of the labor market equation and to a limited degree on the demand side by promoting self-employment/entrepreneurship, facilitating workforce expansion in firms, and providing incentives to those in the informal economy to formalize their enterprises. On the supply side, it will focus on enhancing the capacity of the public sector institutions, primarily the PES, such that they are more “client-oriented” and able to better perform their core functions of needs assessment, outreach, profiling, counseling, intermediation and skills development. This will involve enhancing delivery of core employment services, and other targeted active labor market measures. The project will promote and test new methodologies of service delivery through public-private and NGO partnerships in selected geographic areas as well performance based financing. This project is one of the multiple interventions and part of the larger policy dialogue foreseen to promote job creation and improve labor market conditions (on the demand and supply side).

Component 1: Strengthening institutional capacity of labor market institutions and improving benefit design (40 percent of loan)

This component will build on some of the institutional reforms which have been supported under the SSNESP to improve the data management and administrative capacity of Public Employment Services at the central and local level. This will include the Public Employment Institute in the FBiH and the cantonal offices and the Public Employment Fund in the RS and its regional offices. It will aim to strengthen delivery of employment services. Namely, it will provide technical assistance to re-orient the PES services to employers and job-seekers needs. This would require a revision and adoption of improved methodological aids/tools, by-laws or regulations re-orientation of staff competencies, contracting of temporary staff or service providers to reinforce the re-orientation of PES from administrative tasks towards intermediation and tailored placement services. This component would also support the FBH Ministry of Labor and Social Assistance and RS Ministry of Veterans Affairs and Labor to develop options to improve the benefits package provided to the “unemployed, “inactive” and “social assistance beneficiaries”. It would provide financing and technical assistance to develop by-laws or regulations to improve the linkages between the services and benefits provided through CSW and PES. It will support implementation of the following type of activities :

- (i) profiling of unemployed (e.g. active versus inactive; long-term unemployed)
- (ii) profiling of firms (e.g. SMEs vs. large vs. specific sector)
- (iii) upgrading of data management systems (for client intake and case management as well as for monitoring implementation/performance of ALMPs)
- (iv) initiation of web-based services
- (iv) upgrading of staff competencies (e.g. targeted training) and division of administrative and counseling functions amongst staff with different competencies
- (vi) hiring of contractual staff/counselors to complement exiting staff capacity and reallocation of functions among current staff
- (vii) in select cantons in the Federation and in the RS, hiring of performance based contractual services to provide specialized/tailored placement services/counseling
- (viii) strengthened communication and outreach to employers and job-seekers (e.g. job-fairs, mass media, vacancy registration)
- (ix) strengthening of monitoring and evaluation systems including regular data collection on labor market conditions (e.g. employer surveys, in-depth interviews with firms, sector studies, etc.) and data analysis to feedback on the design of services and benefits
- (x) technical assistance for developing and testing options for alternative benefit design such as “in-

work benefits”.

Each of the cantonal employment offices in the FBH and regional employment offices in the RS will be required to submit a biyearly work plan to include a combination of the above activities and others which are in line with the objective of strengthening their ability to deliver intermediation services. The biyearly work plans will be assessed and approved by the entity level public employment offices. Financial/budget ceilings will be established for each canton using labor market information, potential for public/private partnerships and PES capacity. Further financing will be contingent upon successful implementation of the first work plan. Regional/cantonal offices will report regularly on the implementation of these work plans and selected results/targets.

In a few of the select cantons (with higher capacity, resources and willingness), private provision of public employment services will be supported/piloted. These cantons will be selected based on criteria to be agreed with the Government. The criteria would include human resource and administrative capacity, availability of viable service providers and willingness and ability to monitor and undertake an impact evaluation as part of the intervention.

The Federal Employment Service and the RS Public Employment Fund will be responsible for developing the methodological guidance for client outreach, profiling and cataloging, and content of the data management and other support systems. They will also organize peer learning events to encourage cross-learning and sharing of experiences amongst regional offices. Both entity agencies will be responsible for the implementation of this component through existing or to-be-established PIUs within the Ministries of Labor. Ministries of Labor will also have the responsibility for implementation of activities related to the development of content for by-laws and re-alignment of responsibilities of CSWs and PES and benefits provided through the two institutions.

Component 2: Strengthening content and delivery of ALMPs (50 percent of loan)

This sub-component will finance a select set of active labor market measures. The measures will include training (either on the job or to meet specific training requests from the private sector), support for business skills development, support for self-employment/entrepreneurship, and public works. The two entities may opt for different sets of ALMPs most suitable for their needs. The sub-component will build on that of the successful experiences of the existing SSNESP operation and introduce innovative approaches suitable to the BiH context. This will entail better targeting and customization of active labor market measures using administrative data as well as establishing strategic linkages with employers and private provision. The design of the measures will require further consultations with the entity Public Employment Services, private sector and other government counterparts. All ALMPs will include the provision of training on foundational skills, in particular socio-emotional skills. A recently commissioned diagnostic work will also feed into the ALMP design.

This component will finance the following type of activities:

On the job training/Apprenticeship. On-the-job training that combines pre-employment and practice in apprenticeship will be provided to select target groups. The benefit package could include a combination of transfers to employers to cover cost of training (technical on the job, theoretical and socio-emotional), and transfers to employees/trainees to cover cost of transportation, child care and a stipend. PES would have agreements with a number of employers who would agree to take in “unemployed” registered with PES as apprentices/interns and would provide them with on-the-job

training. This would be accompanied by theoretical and socio-emotional training provided by private institutions.

Public works. Public works program can be targeted to select groups. It can have multiple objectives which will need to be discussed and agreed with the counterparts: (i) to be used as a safety net and provide temporary incomes to unemployed or seasonally unemployed whilst contributing to repair/rehabilitation/maintenance of damaged infrastructure pre/post severe climate events (e.g. floods) and/or (ii) to provide temporary incomes, training and counseling to unemployed. The type of works to be included in the menu can be adjusted to suit the conditions and needs in the two entities and cantons. For example, it can include labor intensive infrastructure rehabilitation, environmental management and other types of community works which do not necessarily involve infrastructure (e.g. child care, administrative work, etc. and can be used to avoid the skills depreciation (e.g. newly unemployed from the restructuring of SOEs)). This measure can also potentially include a life-skills training element. The design features of the publicworks will be further discussed with Government counterparts during preparation.

Self-employment/Entrepreneurship support. Training and other assistance will be provided to select PES beneficiaries to provide basic knowledge of business management (as in point (i)) and development of a business plan, knowledge of the initial steps for starting a firm such as requesting registration permits or loans from commercial banks. For those unregistered firms/self-employed, it will facilitate their registration (simplification of process and financing of registration fee) or formalization. The design features (such as inclusion of seed capital, small grant for start-ups or linkages with existing services provided by Chambers of Commerce or other institutions) of this intervention will be discussed further with Government counterparts.

All these activities will be subject to monitoring and evaluation. The activities will be accompanied by rigorous impact evaluations that allow measuring the impact of the interventions amongst the select target groups. The evaluations will look at several labor market outcomes of interest (e.g. unemployment, employment, labor market participation, earnings) and, to the extent possible, compare the returns to different components with the objective of feeding back the intervention design.

As with component 1, the PES in each canton in the FBH, and the RS PES will need to provide a biyearly plan and estimated budget of ALMP activities, based on the analysis of local needs and skills, and interests of current jobseekers. The same resource allocation formula used for Component 1 will be used for this component. The FBH PES and the RS PES will be responsible for developing an operational manual and guidance note on the implementation of ALMPs, as well as balancing resources across employment offices according to local needs. Cantonal and regional PES which are successful in utilizing their ALMP budgets will be eligible for supplemental financing. Both entity agencies will be responsible for the implementation of this component. The training on business skills and non-cognitive skills will be provided by the private sector, while the content of the on-the-job training will respond to local needs but also to assessment of sectors of higher growth potential.

Component 3: Project Management (10 percent of loan)

This component will finance project administration and monitoring and evaluation. Two project coordination units in the two entities under the Ministries of Labor will administer the funds, facilitate coordination of project activities across the Public Employment Offices and Ministries of Labor, and be responsible for regular monitoring and reporting of project activities and commission

evaluations of select ALMPs and institutional measures. More specifically, there will be process evaluations undertaken of the Public Employment Services as well as biyearly (or annual) beneficiary surveys and an impact evaluation of select ALMPs and/or institutional measures (e.g. entrepreneurship support and performance management).

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will finance activities in the whole territory of the BIH. Project beneficiaries are expected to be the "unemployed" which will include some of the more vulnerable and marginalized.

E. Borrowers Institutional Capacity for Safeguard Policies

F. Environmental and Social Safeguards Specialists on the Team

Esma Kreso (GENDR)

Sandra Kdolsky (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The public works to be financed under the second component may actually have a number of relatively small scale and easily mitigated environmental impacts, such as waste management, supply of materials, noise and dust generation, etc. Works on roads and public areas may also impact traffic, while public works on water bodies and water management may also be included, considering the recent floods in Bosnia and Herzegovina in May 2014. The training of the project affected people (those seeking employment) would also need to be trained in sound environmental construction practices. In addition, an EHS (Environment-Health-Safety) training may also be recommended, in particular for the jobs that are being made available to the target group and the bottom 40 percent of the population, that may involve health, safety or environmental risks that the workers would need to know how to identify and address.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	

Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/ BP 4.12	No	Permanent or temporary land acquisition will be excluded from sub projects.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	This is intended to refer to activities, such as clearing flood-borne debris from water bodies) which would not have any impact on the natural flow or quality of the water bodies hence this OP/BP is not triggered.
Projects in Disputed Areas OP/ BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 15-Apr-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

There will be an ESMF prepared. Site specific EMPs to be prepared for specific locations will be disclosed on site with public consultations targeting local population, prior to start of any works. If environmental management and EHS training is envisaged, this can be done during project implementation, and could also use the World Bank Group EHS standards.

IV. APPROVALS

Task Team Leader(s):	Name: Mirey Ovadiya	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Agnes I. Kiss (RSA)	Date: 19-Jan-2015
Practice Manager/ Manager:	Name: Andrew D. Mason (PMGR)	Date: 22-Feb-2015

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.