

**BOSNIA AND HERZEGOVINA**

**DECENT WORK COUNTRY PROGRAMME DOCUMENT  
2012 - 2015**



**DECENT WORK COUNTRY PROGRAMME DOCUMENT  
FOR BOSNIA AND HERZEGOVINA 2012 - 2015**

This Programme reflects the strategic planning of ILO cooperation activities with Bosnia and Herzegovina for the period 2012-2015, and has been prepared in conjunction with the ILO constituents with the aim of promoting decent work as a key component of development policies and at the same time as a national policy objective of both the government and the social partners.

Three main priorities have been identified. These will set the direction and scope of action of the ILO's assistance in the four-year period. These are:

- Priority 1: Strengthening capacity of government institutions and the social partners to improve the governance of the labour market
- Priority 2: Increasing employment opportunities
- Priority 3: Strengthening social protection systems

By signing hereunder, the participating parties endorse the DCWP and underscore their joint commitment to the fulfilment of its goals.

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## Table of Contents

|   |     |
|---|-----|
| Abbreviations.....  | iv  |
| Introduction .....  | 1   |
| I. The current situation from a Decent Work perspective ..... | 1   |
| 1.1. The socio-economic context.....                          | 1   |
| 1.2. National development framework and strategies .....      | 8   |
| II. Lessons learned from previous cooperation.....            | 8   |
| III. Priority areas of cooperation .....                      | 9   |
| IV. Performance monitoring and evaluation arrangements.....   | 13  |
| IV. Management and implementation .....                       | 134 |

## ***Abbreviations***

|           |  |
|-----------|--|
| BD        | Brcko District of Bosnia and Herzegovina                       |
| BiH       | Bosnia and Herzegovina   |
| CDS       | Country Development Strategy                                   |
| CEE       | Central and Eastern Europe                                     |
| DWCP      | Decent Work Country Programme                                  |
| DWT/CO    | Decent Work Technical Support Team and Country Office          |
| EC        | European Commission  |
| EO        | Employers' organisation  |
| ESC       | Economic-Social Council  |
| EU        | European Union   |
| FBIH      | Federation of Bosnia and Herzegovina                           |
| GCA       | General Collective Agreement                                   |
| GDP       | Gross Domestic Product   |
| GFTAM     | Global Fund to Fight AIDS, Tuberculosis and Malaria            |
| ILO       | International Labour Organization                              |
| LDS       | Labour Dispute Settlement                                      |
| LFS       | Labour Force Survey  |
| LI        | Labour Inspection  |
| MDGs      | Millennium Development Goals                                   |
| PRSP/MTDS | Poverty Reduction Strategy Paper/Mid-Term Development Strategy |
| OSH       | Occupational Safety and Health                                 |
| RS        | Republika Srpska   |
| SAA       | Stabilisation and Accession Agreement                          |
| SIS       | Social Inclusion Strategy                                      |
| SBA       | Stand-by Arrangement   |
| SIDA      | Swedish International Development Cooperation Agency           |
| TA        | Technical Assistance   |
| TU        | Trade Unions   |
| UN        | United Nations   |
| UNDAF     | United Nations Development Assistance Framework                |
| VET       | Vocational Education and Training                              |

## ***Introduction***

The primary goal of the ILO is to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. Decent Work Country Programmes (DWCPs) promote decent work as both a key component of development policies and as a national policy objective of governments and social partners.

The DWCP 2011-2015 identifies strategic priorities and outcomes to be achieved during the period 2012-2015 through joint action of the governments in Bosnia and Herzegovina and the social partners on the one hand, and the ILO on the other. Its overall objective is to promote decent work through a coherent policy approach that is made operational by a set of priorities and outcomes. The present country programme is informed by international development agendas such as the Millennium Development Goals, the United Nations Development Assistance Framework (UNDAF) 2010-2014 which is based on the national development objectives, and the Stabilization and Association Agreement with the European Union. It also takes account of the priorities of the ILO constituents in Bosnia and Herzegovina, as expressed in consultations held with them. The programme details the policies, strategies and results required to generate progress towards decent work for all. This document reflects the strategic planning of ILO cooperation activities with Bosnia and Herzegovina for the period 2012-2015. Reflecting the constituents' as well as the ILO experts' assessment of past cooperation, the programme aims to ensure greater synergies and stronger coherence of ILO activities in Bosnia and Herzegovina and thus contribute to achieving sustainable results.

This programme has been developed through a participatory process with the involvement of the ILO tripartite constituents, and consists of a narrative part outlining the socio-economic context, the lessons learned to date, a strategy of interventions, and a logical model that details the interventions.

The established competencies in Bosnia and Herzegovina in the areas covered by the DWCP will be observed entirely throughout its implementation.

### **I. The current situation from a Decent Work perspective**

#### **1.1. The socio-economic context**

The pre-crisis period was characterized by economic growth, macroeconomic stability and single digit inflation. Economic growth was mainly driven by expansion in domestic demand and exports, and this led to annual GDP growth of between 5-6 per cent. Increases in wages and per capita income as well as in remittances inflow boosted domestic demand, whilst household consumption and private sector investment were supported through increased bank lending. Despite strong export growth, it could not counterbalance the growth in imports and this period is characterized by a negative trade balance, which undermined overall GDP performance as exports contribute significantly to GDP growth.

Positive economic trends recorded in the period 2005-2008 were disrupted by the global economic crisis, although its impact on the real economy was not yet evident in 2008. The full effects of the crisis were more apparent in 2009 when real GDP fell by 3 per cent. The

crisis impacted through decreased export demand and reduced cash flow. The latter was reflected through reduced availability of loans which in turn lowered personal consumption and investment. It also meant a fall in foreign direct investment and remittances.

Due to both the global economic crisis and weak fiscal policies, the National Fiscal Council concluded negotiations in May 2009 with the International Monetary Fund (IMF) on a three-year Stand-by Arrangement (US\$1.57 billion/ €1.2 million). This comprised commitments to a number of structural reforms and fiscal adjustment measures. In line with the Stand-by Arrangement, measures to ensure public expenditure cuts were instigated. Reduction of wages and other costs such as cutbacks of 10% for all budgetary beneficiaries, including cash transfers to war veterans and families of deceased soldiers, took effect. Due to the Stand-by Arrangement the level of public spending experienced consolidation over this period.

Even though the signs of recovery and economic consolidation were reflected in a gradual improvement in exports in 2010, the economic growth was modest and stood at just 1 percent. Consumption and investment levels slowly recovered, but were restrained by high unemployment, decreasing wages, and limited credit activity in the banking sector.

Although short-term indicators in the first quarter of 2011 indicated potential economic recovery after the recession in 2009, many economic indicators have already begun to weaken later in the first half. This trend has continued in the third quarter when many of the indicators reached average levels from 2010.

### **Employment<sup>1</sup>**

The population in Bosnia and Herzegovina changed considerably as a consequence of the war. Despite the relative stabilization of the demographic framework over the past ten years, the share of the working age population has shown negative growth of 5 per cent since 2006, when the Labour Force Survey was first undertaken. Changes in the age structure of the population in Bosnia and Herzegovina over the past decades reveal the worrying trend of a rapidly aging population.

Despite positive economic performance before the global crisis, the employment outlook was less than satisfactory. The reasons could be identified in the slow pick up of economic activities after the war and the massive lay-offs following privatization of the state-owned companies. Even though a significant increase in economic activity was recorded from 2005 to 2008, it was not sufficient to counterbalance the losses of employment resulting from structural adjustments.

Until the first annual Labour Force Survey (LFS) was carried out in 2006, it was difficult to assess actual employment and unemployment levels and the scale of the informal economy, as many people would register with the employment bureaus in order to enjoy health insurance granted by the social security system to unemployed persons, along with the unemployment benefits. According to the 2006 LFS the employment rate stood at 35.0 percent. The subsequent LFSs in 2007 and 2008 revealed a rise in the employment rate to 36.77 percent in 2007, and 40.7 percent in 2008.

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<sup>1</sup> Most of this analysis is taken from the ILO Working Paper No 86, 2011 “ Employment and Labour Market Dynamics in Bosnia and Herzegovina, also available at

[http://www.ilo.org/wcmsp5/groups/public/@ed\\_emp/documents/publication/wcms\\_144423.pdf](http://www.ilo.org/wcmsp5/groups/public/@ed_emp/documents/publication/wcms_144423.pdf)

<sup>1</sup>ibid. p 13.

The economic crisis rapidly translated into an employment crisis that began at the end of 2008 and was evidenced by a fall in formal sector wage employment and a rise in both unemployment and in informal employment, as well as higher levels of poverty. In 2009 the employment outlook deteriorated with a general decline in economic activity caused by the global economic crisis. The employment rate in 2009 dropped to 40.1 percent and the unemployment rate grew to 24.5 percent, which is nearly three times the rate of the EU27 average of 9.5 per cent.

The statistics show that most unemployment is long term: half of all unemployed have been out of work for at least five years, and a quarter of them for over ten years. The evidence also shows that unemployment in BiH is structural rather than frictional, which indicates that many if not most of the unemployed are in reality no longer in the labour market. It appears that many of the registered unemployed perform income-generating activities in the informal sector, especially when unemployment is long-term. The presence of a large informal economy which is typically estimated at around 30-50 per cent of the country's GDP<sup>2</sup> points to a lack of decent and productive employment opportunities.

With regards to the participation by women in the labour force, the gender disparity in employment rates is remarkably high and this in congruity between men and women in employment persists across all age groups. Youth employment is also of concern as it shows an exceptionally low rate. Furthermore, a gender disaggregation of youth employment reveals disproportionate gender distribution and suggests unequal access to labour markets. The breakdown of those in the population facing challenges related to unequal access to the labour market does not end here. There are other vulnerable groups such as persons with disabilities, returnees and internally displaced persons, and Roma. Whilst there are no records on employment and unemployment levels of persons with disabilities, it is even more difficult to assess the employment/unemployment rates of Roma population. Official records of employees and unemployed people do not follow the status of Roma and the Roma themselves are rarely reported in the employment services as unemployed. Only 3 per cent of Roma have permanent jobs, and the most common sources of revenue are the sale of secondary raw materials (for 29 per cent of Roma) and begging (19 per cent), while 76 per cent of Roma have never attended and completed primary school.<sup>3</sup>

Despite an improved economic outlook in 2010, the slow recovery of major industries most affected by the crisis, coupled with a modest rise in business activity in the private sector, these could not prevent the negative trends in the unemployment rate sparked by the recession. According to the 2010 LFS, unemployment rose significantly and stood at 27.2 percent. A more substantial increase in business activity in the first half of 2011 did not translate into employment growth. As indicated by the 2011 LFS the unemployment rate stood at 27.6 per cent (26 per cent for men and 30 per cent for women), and was highest among young persons aged 15 to 24 years. It was 57.9 per cent (56.5 per cent for men and 60.6 per cent for women). The activity and employment rates were 44 per cent and 32 per cent, while in the same period in 2010 they were 44.6 per cent and 32.5 per cent. Both rates were higher for men than for women. The activity and the employment rates were by far the highest in the age group 25 to 49 years (70.6 per cent and 52 per cent).

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<sup>2</sup>Krstic&Sanfey (2006)

<sup>3</sup>Draft Social Inclusion Strategy in Bosnia and Herzegovina, p. 18.

In order to address these alarmingly high unemployment levels, employment strategies at the state and entity levels were developed in 2009 through 2011. The National Employment Strategy 2010-2014 was developed within the ILO-SIDA TC project.

Government agencies in Bosnia and Herzegovina are currently engaged in developing active labour market measures as opposed to passive labour market measures which were predominant in the past. To that end, the Republika Srpska adopted a new Law on Mediation in Employment and Social Protection of the Unemployed and a similar Law which is designed to streamline cantonal and entity level employment services under preparation in the Federation of Bosnia and Herzegovina. Also, intense consultation on the regulations governing the establishment and operation of private employment agencies in line with the ILO Convention No. 181 are underway so as to improve labour market flexibility and support job generation. However, these efforts need to be reinforced through improved business regulations that facilitate business registration and operations, funds accessibility for the private sector, and enhanced links between employment and education including the implementation of the National VET Strategy and further development of a life-long learning concept.

## **Social Protection**<sup>4</sup>

### *Social Security*

Following the dissolution of the former Yugoslavia and the collapse of the previous pension system, the pension system in Bosnia and Herzegovina *de facto* started from zero point. The pension system provides insurance and welfare for old age, disability, death and survivorship and all employed persons are compulsorily covered by the system through the payment of pension insurance contributions. It consists of the pension schemes of the Federation of Bosnia and Herzegovina and of the Republika Srpska. In addition to the separate pension schemes, the entities each have a separate social contribution system, governed by the entity-based legislation on pension insurance and contributions. A voluntary pension insurance scheme has recently been introduced in the Republika Srpska.

Whilst in the Federation of Bosnia and Herzegovina the funding of the pension system is entirely contribution-based, in the Republika Srpska it is partly subsidized by the budget. Under-reporting of the contributory wages has been wide-spread. Recently introduced systems for registration and collection of taxes and contributions in both entities have tightened fiscal discipline and improved the collection of social contributions.

Both pension schemes have already achieved a matured population structure and the current dependency ratio of workers to pensioners is unfavourable. Changes in the age structure of the population in Bosnia and Herzegovina over recent decades reveal a rapidly ageing population caused by a combination of factors (the war, negative population growth<sup>5</sup> and outward migration). Further deterioration of the dependency rate will impose significant pressure on the pension funds and will result in a need for a higher contribution rate or more budget transfer, or alternatively result in the reduction of the benefit level. In

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<sup>4</sup> Most of analysis is taken from the ILO Report on the pension reform in Bosnia and Herzegovina: First assessment", also available at:

[http://www.ilo.org/public/english/region/eurpro/budapest/download/socsec/pension\\_report\\_bosnia\\_eng.pdf](http://www.ilo.org/public/english/region/eurpro/budapest/download/socsec/pension_report_bosnia_eng.pdf)

<sup>5</sup> Human Development Report 2009 estimates a population growth rate of 0.3 between 1990-1995 and -0.1 between 2005 and 2010

the face of a rapidly ageing population, the present pension schemes must somehow ensure their long-term sustainability.

In order to find solutions to long-term financial sustainability of the pension systems amid an environment of marked demographic and economic changes, the two entities embarked on pension reform some years ago, although the major parametric reform took place in 2000. Debate on the pension system reform was followed by the development of the Pension Reform Strategies, which outline a three-pillar pension structure. The National Assembly of the Republika Srpska recently endorsed the Pension Reform Strategy and the related Action Plan. Following public debate a new Law on Pension and Disability Insurance was adopted in December 2011. The social partners in the Republika Srpska were actively involved in drafting the Law on Pension and Disability Insurance which was also discussed by the Economic and Social Council of the Republika Srpska.

In late 2011, the Federal Minister of Labour and Social Policy proposed to the Government of the Federation of Bosnia and Herzegovina that a new group would draft the final text of the Pension System Reform Strategy in order to achieve better solutions and involve the direct participation of interested parties. The Group consisted of scientists, representatives of trade unions and employers as well as retirees. It was to review the current system and the previously discussed Strategy on Pension System Reform, look at comparable pension systems in the region and beyond, and put forward a Draft of a new Strategy that would improve the pension system in the Federation of Bosnia and Herzegovina by using best practices and experiences.

To date the new Law on Pension and Disability Insurance of the Republika Srpska has set forth the establishment of a tripartite governance structure in the Management Board of the Pension and Disability Fund. The social partners in the Republika Srpska are also represented in the Management Boards of the Fund for Vocational Training and Employment of Persons with Disabilities and of the Employment Institute of the Republika Srpska.

#### *Occupational safety and health*

The area of occupational safety and health (OSH) is also governed by the entities and district through separate legislation and is supervised by labour inspectorates. In 2007, the Republika Srpska adopted a new OSH Law. The Federation of Bosnia and Herzegovina also developed a new OSH Law which is pending parliamentary approval. Difficulties arise from the implementation of the pre-war OSH Law in the Federation of Bosnia and Herzegovina. These are not only related to the sanctions which are still expressed in the old and ineffective currency, but also it must be noted that it is not compliant with the Framework Directive 89/391/EEC.

Both the new OSH Law of the Republika Srpska and the Draft OSH Law of the Federation of Bosnia and Herzegovina are aligned with the ILO Convention No 155 and the Framework Directive 89/391/EEC. They place an emphasis on prevention and an employer's responsibility for providing a safe and healthy workplace, and introduce workplace risk assessment as required by the said Directive. However, the European integration will require further alignment of the OSH regulations with the *acquis communautaire* and an analysis of compliance with the ILO Conventions and the *acquis communautaire* is underway. Bosnia and Herzegovina recently ratified the ILO Convention No. 187 on Promotional Framework on Occupational Safety and Health.

Although the current HIV epidemic in Bosnia and Herzegovina is low with less than 0.01% prevalence rate, the country has made efforts to maintain low prevalence and to that end the national HIV/AIDS Strategy 2011-2016 has been developed and a number of UNAIDS and GFTAM sponsored activities have taken place. However, HIV-related stigma and discrimination against persons living with and affected by HIV persists. So far, HIV/AIDS has not been regarded as a workplace issue although the national Strategy recognizes a need for the creation of a legal framework that would protect human rights for people living with HIV and AIDS including those rights related to employment. In order to promote and safeguard the human and labour rights of persons living with HIV/AIDS, knowledge and understanding of the socio-economic and labour force consequences of HIV/AIDS should be improved and national HIV/AIDS action programs targeted so as to include the world of work.

### *Labour Inspection*

The implementation of both Labour Laws and OSH regulations is supervised by labour inspectorates, which have a crucial role in promoting decent work and ensuring labour standards at the workplace. In Bosnia and Herzegovina the organization of labour inspection follows the constitutional order of the country. Recent reforms have seen them becoming an integral part of general inspectorates at the entity, district and canton levels. Given the fact that labour inspectorates are understaffed they apply a more integrated approach to inspection focusing on prevention and involvement of employers and workers. However, more needs to be done to effectively monitor the implementation of OSH standards. Moreover, reliable data on occupational accidents is lacking, particularly in the Federation of Bosnia and Herzegovina where cantons are in charge of keeping records. Strategies for dealing with undeclared work should also be reviewed, namely by involving other organizations on the identification of trends of the informal economy and on promoting joint efforts to tackle the phenomenon.

### **Social Dialogue**

Bosnia and Herzegovina ratified the ILO Conventions No 144 on Tripartite Consultations (International Labour Standards), No 87 on Freedom of Association and No 98 on Collective Bargaining. The ILO Convention No 154 on Collective Bargaining has not been ratified.

The Labour Laws of the entities and district set out the basis for tripartite and bipartite social dialogue, as well as for the establishment of the Economic and Social Councils. Tripartite and bipartite collective bargaining takes place at the level of the entities and district. A new General Collective Agreement (GCA) in the Republika Srpska was signed in May 2010 following extensive negotiations with the social partners. In the Federation of Bosnia and Herzegovina, the parties to the General Collective Agreement (GCA) have undertaken negotiation of amendments to the General Collective Agreement that was signed in 2005. GCAs regulate a number of issues including the minimum wage, which is further negotiated at the level of sectors through sectoral collective agreements. Through the TC project ADA-ILO the negotiating capacities of the social partners have improved as have their capacities to engage better in meaningful social dialogue. Although a system of collating collective agreements is being established at the level of the entities, with the expansion of enterprise-level collective agreements, a more sophisticated database of collective agreements will be needed in the future.

The entities and district are autonomous in shaping the legislation for the functioning of the tripartite bodies for social dialogue. The establishment of employer and worker

organisations is governed by the Laws on Associations and Foundations at the state, entity and district levels. Employers and workers are affiliated in their respective organizations at the entity, district and state level; however worker organisations which are organised at the state level still face difficulties regarding their registration, despite the recommendations of the ILO supervisory bodies.

Entity-level Economic and Social Councils meet regularly and provide opinion on economic and social issues. No progress has been made with regards to the establishment of the state-level Economic and Social Council, as the Law on Representativeness of the social partners is still absent. Furthermore, no agreement concerning its establishment and functioning has been reached to date. The absence of representativeness criteria and a pending issue over registration of a roof workers' organization, as well as the issue of employers' representativeness, have brought the consultations to a stalemate, despite several attempts to seek solutions to overcome these difficulties.

In the Republika Srpska, besides the new representativeness criteria introduced by the latest amendments to the Labour Law in 2007, there remains a need to pass a Law on Collective Bargaining. The Economic and Social Council in Republika Srpska has been strengthened through the adoption of the new Law on Economic and Social Council and other rules and acts related to the functioning of the Economic and Social Council. In the Federation of Bosnia and Herzegovina there is the Agreement on the Economic and Social Council governing the establishment, mandate and functioning of the Economic and Social Council dating from 2004 which will most likely be replaced by the Law. The issue of representativeness criteria in the Federation of Bosnia and Herzegovina could be addressed through a special law governing the criteria of representativeness, although the representativeness of workers' and employers' organizations has been elaborated in the Draft of the new Labour Law in the FBiH which is undergoing parliamentary approval.

The Agreement on the Economic and Social Council of the Brcko District was signed in November 2011.

In addition to the Economic and Social Council in the Republika Srpska the tripartite boards on OSH and Undeclared Work in the Construction Sector which were recently created are now operational. The latter adopted a Strategy to Combat Undeclared Work in the Construction Sector and contributed to a number of law changes aimed at the elimination of undeclared work in this specific sector.

Increasing recognition of the importance of peaceful resolution of labour disputes, particularly in a scenario of deteriorating economic performance, has taken place in recent years. To that end, there is a Law on Amicable Settlement of Labour Disputes in the Republika Srpska, to which amendments were recently passed. In line with the Law, the Government established an Agency for amicable settlement of labour disputes resourced with a number of conciliators and arbitrators. The Agency became operational in September 2010. The volume of incoming labour disputes soon indicated a need for additional conciliators and arbitrators, which was done. In less than a year of its lifetime, the Agency indicated its existence and settled a number of individual and collective labour disputes.

In the Federation of Bosnia and Herzegovina, there is a mechanism for the peaceful settlement of collective labour disputes which is available to interested parties through the Labour Law-based Conciliation Council of the Federation of Bosnia and Herzegovina. Mediation is not currently undertaken on a professional basis or by trained conciliators and

mediators. Although being voluntary and free of charge, it is not sufficiently used by interested parties.

The relevant Ministry has recently drafted a Law on Amicable Settlement of Labour Disputes, which has already been commented on by the social partners. The Draft Law is currently being discussed by the cantons. Once the Law is passed, the appointed conciliators and arbitrators will need training so as to effectively engage in labour disputes. However, there remains the possibility of improving the existing system through its enhanced promotion should this initiative fail for any reason.

### **International Labour Standards**

Bosnia and Herzegovina ratified all the fundamental and priority ILO Conventions.<sup>6</sup> The list of ratified international labour standards has been extended by the recent ratification of all the international labour standards adopted since 1993 to 2009. In the recent past, Bosnia and Herzegovina was successful in fulfilling its constitutional obligations related to reporting on ratified international labour standards to the ILO supervisory bodies and submission to the national authorities of newly adopted standards. The progress made in this area is remarkable.

However, further improvement is needed so as to ensure full compliance of legislation and practice with the ratified labour standards as requested by the ILO Committee of Experts on Application of Conventions and Recommendations. Ratification of Labour Relations (civil service) Conventions no. 151 and Collective Bargaining Convention no. 154 will be promoted.

### **1.2. National development framework and strategies**

The Decent Work Country Programme 2012-2015 will advance the ILO's assistance to the country in implementing its development and social inclusion agendas, along with the assistance offered by other international organisations. It reflects the Constituents' priorities taking into account the policy goals of the Draft Country Development Strategy 2010-2014 (CDS) and the Draft Social Inclusion Strategy 2010-2015 (SIS). The Draft CDS outlines the following strategic goals alongside the priorities and measures: (i) Macroeconomic stability, (ii) Competitiveness, (iii) Employment, (iv) Sustainable development, (v) EU Integration and (vi) Social Inclusion. The Draft is also informed by the international development agendas: the Millennium Development Goals (MDGs) and the United Nations Development Assistance Framework 2010-2014 (UNDAF), where the latter articulates the major challenges for Bosnia and Herzegovina, out of which the outcomes related to Democratic Governance and Social Inclusion are reflected in the country programme. As the member of the UN Family in Bosnia and Herzegovina, the ILO cooperates with other UN Agencies and contributes to the implementation of the development agenda of Bosnia and Herzegovina.

## **II. Lessons learned from previous cooperation**

The previous DWCP for Bosnia and Herzegovina 2008-2010 DWCP was finalised at the end of 2008 based on extensive consultation with the Constituents. It was signed by the Minister of Civil Affairs on 15<sup>th</sup> October 2009 upon the approval of the Council of Ministers of 2<sup>nd</sup> July

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<sup>6</sup> Fundamental conventions: C29, C87, C98, C100, C105, C111, C138, C182; Priority conventions: C81, C122, C129, C144.

2009 and extended to 2011 through an exchange of letters between the DWT/CO Budapest and the Ministry of Civil Affairs on behalf of the Council of Ministers of Bosnia and Herzegovina. It was informed by the Common Country Assessment and UNDAF 2004-2009 and UNDAF 2010-2014. A final self-evaluation by all the constituents including representatives of the Governments and employers' and workers' organisations took place in December 2011.

The primary outcome noted for the promotion of decent work was an increased awareness of the importance of functioning social dialogue that is based on a reinforced legal framework and empowered social partners. Without strengthened social dialogue and empowered social partners which can influence labour, employment and social policies and legislation, as well as the process of collective bargaining, peaceful resolution of labour disputes and management of Social Security Funds, there is no decent work.

With regards to the social partners involvement in the DWCP process, it is necessary to resolve as soon as possible the internal issues of the employers' organizations (forming of a new organization/association) in order to settle the representativeness of employers' organisations from Republika Srpska at the national level.

Also, in order to strengthen a sense of national 'ownership' of the DWCP process, it is necessary to establish a DWCP Board consisting of members/deputy members, who would also play the role of focal points in their respective institutions/organisations. By doing so, the Constituents' DWCP institutional memory and a proper flow of the DWCP-related information, as well as the DWCP adjustments, if necessary, to the changing circumstances, would be provided for. Moreover, it would also facilitate a better stock of the achieved results, as well as of the challenges faced in the areas related to the decent work agenda, not necessarily being part of the DWCP, so as to be properly reflected in the DWCP and guide the Constituents in the design of the next DWCP generation.

It has been noted that there has been an improved understanding of the programme terminology and format, as a result of introducing the Decent Work Agenda together with the principles of the Results-Based Management and how it applies to the DWCP.

With regards to the ILO assistance, it is noteworthy that the constituents have unanimously praised its help and also highly value the technical support received.

### **III. Priority areas of cooperation**

The priority areas of cooperation and the country programme outcomes have been developed in close collaboration with constituents. The process started with individual consultations and evaluation of the past DWCP. Following these discussions and based on inputs received DWT/CO Budapest developed a draft narrative text of the programme that was further discussed at a tripartite roundtable discussion in December 2011. In addition, constituents provided written comments and observations in January 2012. The current programme is a result of the above consultation process.

Considering the lessons learned from past cooperation, the ILO will target the reinforcing of Constituents' capacities and broadening the influence of the ILO Decent Work policy in line with the Millennium Development Goals for Bosnia and Herzegovina, UN Common Country Assessment and the Government action programmes. The strategy will be to work with the close involvement of the Constituents and multilateral and bilateral donors.

Within the overarching theme of “Decent Work for All” the ILO will concentrate on three country programme priorities in Bosnia and Herzegovina in this period 2012-2015, which should be seen as long-term goals. These are:

- I. Strengthening capacity of government institutions and the social partners to improve the governance of the labour market
- II. Increasing employment opportunities
- III. Strengthening social protection systems

As a technical and standard-setting agency of the United Nations, the ILO can provide high quality technical assistance related to the four strategic objectives of the Decent Work Agenda. More specifically, the ILO’s Secretariat has a long-standing experience and technical expertise in the areas of labour standards, employment promotion, social protection and social dialogue. Gender equality is fundamental in achieving the decent work agenda and efforts are made to mainstream gender equality concerns substantively in all areas of the ILO Strategic Objectives. The ILO is the only organisation where the knowledge and experience of its tripartite constituency are documented, discussed and shared across countries and regions. The ILO DWT/CO Budapest has implemented a number of projects in Central and Eastern Europe to the full satisfaction of donors and recipient countries.

**Priority 1. Strengthening capacity of government institutions and the social partners to improve the governance of the labour market.**

***Outcome 1.1: Legal and institutional environment enabling the full realization of social dialogue.***

In order to strengthen tripartite social dialogue at the state level the issue of representativeness criteria of the state level social partners needs to be addressed. The ILO will provide technical assistance (TA) related to the establishment of objective, pre-determined representativeness criteria at the state level. In order to extend coverage of collective bargaining in the private sector, various European experiences (Belgium, Ireland, Germany, and The Netherlands) will be shared to improve understanding on the part of the Government on this issue as well as gaining improved awareness of its role in relation to collective bargaining.

In addition, technical support will be provided for the establishment of an operational mechanism for the amicable settlement of labour disputes in the Federation of Bosnia and Herzegovina. Special focus will be given to labour dispute settlement in the public sector in both the Federation and the Republika Srpska. Technical assistance will include promotion of the ratification of Convention on Labour Relations (Public Service) No.151 by Bosnia and Herzegovina.

**Outcome Indicators:**

- Tripartite constituents design and implement measures based on ILO recommendations to encourage and promote effective collective bargaining at various levels, and improve their coordination.
- Regulation on the setting up of a mechanism for amicable settlement of labour disputes adopted in the Federation of BiH.
- Action Plan established to promote the ratification and implementation of C. 151.

***Outcome 1.2: Increased institutional capacity of employers' and workers' organisations.***

Strengthening employer organisations will target capacity building towards supporting employers to engage more effectively in economic and social forums at all levels so as to ensure a business-friendly legislative environment exists to support viable and sustainable enterprises. There will also be a focus on the strengthening of EO capacity to transpose EU Directives into domestic legislation. ILO assistance will also continue to support EOs extending their membership by providing new or better services to members.

Technical assistance and capacity building of trade unions will continue to focus on collective bargaining, including at company level, and strengthening gender equality in collective bargaining.<sup>7</sup> Capacity of trade unions will be further strengthened to consolidate the General Collective Agreement and sectoral collective agreements. The ILO will help trade unions to better articulate provisions of CA and thus, improve implementation of the law.

**Outcome Indicators:**

- EOs submit definitive recommendations on amendments to the General Collective Agreement (GCA) at Federation (FBiH) level.
- EOs undertake training in supporting viable and sustainable enterprises for members in all areas of BiH (Federation of BiH, Republika Srpska, Brcko District).
- EOs submit definitive recommendations on Labour Code amendments to ensure legislation properly reflects EU Directives.
- TUs make concrete policy proposals on the General Collective Agreement and sectoral agreements.
- Training module on gender equality developed and used by TUs.

***Outcome 1.3: International labour standards are better reflected in labour legislation.***

The ILO will continue to provide assistance on International Labour Standards in order to build expertise and understanding of necessary actions to implement international labour standards. Assistance will include doing a gap analysis, technical advice on the implementation of C.94 and sharing European practices related to regulating atypical forms of work.

In addition, the ILO will provide technical assistance and support for ratification of C.154. The overall aim is to assist the social partners in the public sector to establish and operate a permanent bipartite mechanism to conduct collective bargaining. Participatory governance will add legitimacy to the decision-making process. Collective bargaining can contribute to the promotion of peaceful industrial relations and economic development in Bosnia and Herzegovina, where levels of trust and overall satisfaction with life are lower than in most European countries.

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<sup>7</sup> Taking into consideration 2009 ILC Conclusions on Gender Equality.

**Outcome Indicators:**

- Tripartite constituents take legal and practical measures to apply international labour standards in response to issues raised by the ILO's supervisory bodies.
- Action Plan established to promote the ratification and implementation of C. 154.

**Priority 2: Increasing employment opportunities.*****Outcome 2.1: Improved VET system for enhanced employability, with particular attention to vulnerable groups.***

The ILO will contribute to building evidence based policy development through research and analysis on VET policy reform. Particular attention will be paid to labour market dynamics and outcomes for youth, women workers of all age groups, and other vulnerable groups so as to inform policy direction for promoting inclusive employment opportunities. Empirical analysis will pave the way for more tailored technical assistance to improve labour market outcomes for women, which will be monitored in an ongoing manner under this outcome.

**Outcome Indicators:**

- Research and analysis conducted for evidence based VET policy.
- Research and analysis conducted on the labour market trends for vulnerable groups.

**Priority 3: Strengthening social protection systems.*****Outcome 3.1: Strengthened sustainability of the pension systems through a reform process based on tripartite social dialogue.***

Through the ILO's technical assistance, tripartite constituents will discuss and agree on pension reform measures through tripartite social dialogue, and take concrete steps to ensure their effective implementation. The ILO will create a forum for policy discussion and will raise the tripartite constituents' awareness of recent pension reform experiences in CEE countries. The comparative analysis report will be translated and distributed throughout the country. In order to support policy dialogue, the capacity of the tripartite constituency will be further enhanced in this regard.

**Outcome Indicators:**

- Analysis of recent pension reform experience in CEE countries shared.
- Consensus on the pension reform measures built amongst tripartite stakeholders.

***Outcome 3.2: Improved HIV and AIDS legal and policy frameworks to ensure the effective protection of rights of people living with HIV, based on the ILO Recommendation no. 200.***

The ILO will strengthen the capacity of Labour Inspectors (LI) to incorporate monitoring of HIV/AIDS related issues into their inspections. This will serve as a safeguard to the implementation of the respective legal provisions. In addition the ILO will provide technical assistance to ensure legal protection in the labour code for people living with HIV/AIDS.

#### **Outcome Indicators:**

- Labour inspectors integrate HIV/AIDS issues in their advisory services in accordance with international standards on HIV/AIDS.
- Existing legal and policy frameworks improved, in accordance to ILO Recommendation 200, to ensure the protection of rights of people living with HIV/AIDS.

#### ***Outcome 3.3: Strengthen the effectiveness of the LI system to better promote decent working conditions through information, advice and law enforcement.***

The ILO will help to build capacity for labour inspectorates, by providing technical assistance to better inform and supervise on working conditions, particularly as regards to occupational health and safety and undeclared work. Technical assistance will be provided for developing gender sensitive policy guidelines, training for labour inspectors, facilitating tools and best practice sharing, through networking with organizations from the EU and Eastern Europe. The ILO will advocate for the creation of a tripartite body to examine the problems of, and promote measures to fight, undeclared work.

#### **Outcome Indicators:**

- Labour inspection policy guidelines for undeclared work and occupational health and safety are revised or drafted, in consultation with the social partners and then implemented.
- A tripartite body to combat undeclared work is set up.
- Both management support and facilitating tools are developed for better information and enforcement of legislation on occupational health and safety at work and undeclared work.
- Labour inspectors are trained on occupational health and safety, labour law and modern inspection methods.
- Bilateral cooperation protocols are signed with sister organizations from Eastern Europe and the EU.

### **IV. Management and implementation**

The cooperation programme will be managed through a network consisting of DWT/CO Budapest, the National Coordinator in Sarajevo, the Regional Office for Europe and technical units at headquarters in Geneva. The National Coordinator will play a coordination role together with DWT/CO Budapest. The ILO will continue its cooperation with major stakeholders in the country such as the UN under the framework of the UNDAF, the World Bank and the EC Delegation.

The objectives of the programme will be pursued through technical cooperation projects, advisory missions, and seminars for information dissemination and capacity building. Extra-budgetary resources and the ILO's regular budget resources will be used to finance the implementation of this Country Programme. The ILO network mentioned will continue to mobilize further resources for the follow-up to the results achieved, bearing in mind priority concerns of the constituents. The government and the social partners will provide their respective expert staff and premises and provide logistic support, as appropriate. They are

committed to implementing the follow-up steps necessary to achieve the expected results in accordance with the DWCP work plan which will be developed.

## **V. Performance monitoring and evaluation arrangements**

The implementation of the Decent Work Country Programme will be reviewed on a regular basis with the constituents using interactive methods. The missions of the ILO experts and their internal reports will be used as part of the monitoring process. Every six months, the Decent Work Country Programme implementation will be reviewed by the DWCP Board consisting of the representatives of the Constituents and the National Coordinator. The DWT/CO Director will assess the programme achievements with the constituents in Bosnia and Herzegovina at least once over the duration of the programme. On a yearly basis, the Decent Work Country Programme implementation plan will be internally reviewed and adjustments will be made to reflect changed circumstances, as necessary, in order to improve the implementation strategy. The revised implementation plan will be validated by the DWCP Overview Board.