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ANNEX 9

to the Commission Implementing Decision on the financing of the multi-country annual action plan in favour of the Western Balkans and Türkiye for 2024

Action Document for “EU4 Employment”

ANNUAL ACTION PLAN

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 9 of IPA III Regulation and Article 23(2) of NDICI - Global Europe Regulation.

1 SYNOPSIS

1.1. Action Summary Table

Title	EU4 Employment Multi-country annual action plan in favour of the Western Balkans and Türkiye for 2024
OPSYS	IPA III/2024/NEAR>EMPL.09
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)
Economic and Investment Plan (EIP)	Yes Human Development (incl. human capital and youth) (linked to IPA III Tag "Human Capital" and "Innovation"); Human Development (incl. human capital and youth) Priority 6): Human Development (including human capital and youth) (100%)
EIP Flagship	Yes, Flagship X Youth Guarantee
Team Europe	No
Beneficiaries of the action	The action shall be carried out in the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia and Serbia)
Programming document	IPA III Programming Framework
PRIORITY AREAS AND SECTOR INFORMATION	
Window and thematic priority	Window 4: Competitiveness and Inclusive Growth Thematic Priority 1: Education, employment, social protection and inclusion policies, and health (100%)

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

Sustainable Development Goals (SDGs)	Main SDG: SDG 8 (Decent Work and Economic Growth) (60%) Other significant SDG(s) covered by the action: SDG 1: No Poverty (5%) SDG 3: Good Health and Wellbeing (5%) SDG 4: Quality Education (10%) SDG 5: Gender Equality (10%) SDG 10: Reduced Inequalities (10%)			
DAC code(s)	16020 Employment policy and administrative arrangements (90%) 11330 Vocational training (10%).			
Main Delivery Channel	41144 - International Labour Organisation - Regular Budget Supplementary Account 90000 - Other			
Targets	☐ Climate ☒ Gender ☐ Biodiversity			
Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	☐	☐	☒
	Aid to environment	☒	☐	☐
	Gender equality and women's and girl's empowerment	☐	☒	☐
	Reproductive, maternal, new-born and child health	☒	☐	☐
	Disaster Risk Reduction	☒	☐	☐
	Inclusion of persons with Disabilities	☐	☒	☐
	Nutrition	☒	☐	☐
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	☒	☐	☐
	Combat desertification	☒	☐	☐
	Climate change mitigation	☒	☐	☐
	Climate change adaptation	☒	☐	☐
Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	EIP	☐	☐	☒
	EIP Flagship	YES		NO

	☒	☐
Tags:	YES	NO
Transport	☐	☒
Energy	☐	☒
Environment and climate resilience	☐	☒
Digital	☐	☒
Economic development (incl. private sector, trade and macroeconomic support)	☐	☒
Human Development (incl. human capital and youth)	☒	☐
Health resilience	☐	☒
Migration and mobility	☐	☒
Agriculture, food security and rural development	☐	☒
Rule of law, governance and Public Administration reform	☒	☐
Other	☐	☒
Digitalisation	☐	☒
Tags	YES	NO
digital connectivity	☐	☒
digital governance	☒	☐
digital entrepreneurship	☐	☒
digital skills/literacy	☒	☐
digital services	☒	☐
Connectivity	☐	☒
Tags	YES	NO
digital connectivity	☐	☒
energy	☐	☒
transport	☐	☒
health	☒	☐
education and research	☐	☒
Migration	☒	☐
Reduction of Inequalities	☐	☒
COVID-19	☒	☐

BUDGET INFORMATION	
Amounts concerned	Budget line: 15 02 02 01 Total estimated cost: EUR 8 553 500 Total amount of EU budget contribution EUR 8 500 000 This action is co-financed in joint co-financing by: - International Labour Organisation for an amount of 53 500.
MANAGEMENT AND IMPLEMENTATION	
Implementation modalities (management mode and delivery methods)	Direct management through grants Indirect management with the International Labour Organisation (ILO). The action will be co-delegated to the Directorate-General for Employment, Social Affairs and Inclusion
Final date for concluding contribution / delegation agreements, procurement and grant contracts	At the latest by 31 December 2025
Indicative operational implementation period	72 months following the adoption of the Financing Decision

1.2 Summary of the Action

The overall objective of the Action is to promote fair and well-functioning labour markets in the Western Balkans in line with the European Pillar of Social Rights (EPSR). The overall objective will be achieved through: (1) facilitating the integration into the labour market of unemployed and disengaged young women and men, and (2) advancing the alignment with the EU *acquis* and the implementation of the EPSR in the areas of undeclared work, health and safety at work and social dialogue.

This Action is oriented towards the Agenda 2030 and particularly to SDG 8 – Decent Work and Economic Growth as well as the principle of “Leave No One Behind”. The Action is also in line with the Economic and Investment Plan (EIP) for the Western Balkans¹ and in particular to its priority area on investing in human capital. The Action responds to Thematic Priority 1 under Window 4: Education, employment, social protection and inclusion policies, and health of the IPA III Programming Framework². It will also help the Western Balkans to meet the Copenhagen criteria by addressing the key challenges and weaknesses identified in the Economic Reform Programmes (ERPs). The Action will be implemented through the two following areas of support:

Area of support 1 – Youth Guarantee

The Youth Guarantee (YG) is Flagship 10 of the EIP for the Western Balkans. Following the adoption of the EIP, the Western Balkan governments have endorsed a declaration committing to gradually establish,

¹ COM (2020) 641 final, 6.10.2020

² COM (2021) 8914 final, 10.12.2021

implement, and enhance Youth Guarantee schemes in the region, based on the EU Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee.

Since then, the Western Balkans have been engaged in preparing for YG and have regularly exchanged experience at regional level. At bilateral level, the youth guarantee coordinators have made efforts to involve representatives from education and world of work and civil society in the process. The region has benefitted from the experience of North Macedonia with YG initiatives in place since a few years. This all has happened with support of the European Commission (DG NEAR and DG EMPL) and ILO and European Training Foundation (ETF) and has included dialogue with EU Member States through the TAIEX instrument.

By further supporting the implementation of the YG in line with the policy principles advocated by the EU Council Recommendation, the Action will enable the Western Balkans to address the challenges of young people not in education, employment or training (NEETs), reduce gender gaps and improve the inclusion of vulnerable population categories. By focusing on quality frameworks for the delivery of skills relevant for the labour market it will also support the uptake of green and digital skills, thus contributing to the twin transition.

Area of support 2 – Employment and Social Affairs Platform III

This component corresponds to the third phase of the programme “Employment and Social Affairs Platform (ESAP)” and builds on the results achieved and lessons learned from the previous phases.

ESAP will continue supporting the Western Balkans in increasing the competitiveness and resilience of their labour markets and in aligning their policies and standards with the EU *acquis* in relevant areas of the EPSR by making the Western Balkans Network Tackling Undeclared Work fully functional, aligned with the best European practices and involved in and mirroring the work of the EU Platform on Undeclared Work; by generating reliable evidence on transition to formality; by increasing the effectiveness of tripartite and bipartite social dialogue; and by improving the performance of Labour Inspectorates in the area of Occupational Safety and Health (OSH).

1.3 Beneficiaries of the Action

The Action shall be carried out in the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia). Main beneficiaries are representatives from the labour market, but also from education and will include civil society organisation, youth organisations and social partners.

2. RATIONALE

2.1 Context

Fulfilment of the economic criteria is a key requirement for EU membership; it implies establishing a functioning market economy with the capacity to withstand competitive pressure inside the EU single market. Despite some progress in the recent decade, this has not been sufficient to substantially narrow the economic gap with the EU. The Western Balkans’ economies still face structural challenges related to low levels of employment, high incidence of inactivity (particularly among women, youth, and vulnerable population categories), informality, significant levels of poverty, inequality, and high emigration. The need to accelerate structural reforms has therefore become even more important to ensure a sustainable recovery and promote the desired convergence.

The Western Balkans’ economies are committed to the implementation of the EPSR and to its derived initiatives on quality employment, informal economy, social dialogue and occupational safety and health. The alignment with EU social standards and policies, as foreseen in the EPSR Action Plan, as well as with the targets of the EU Porto Social Summit, will lead to resilient and sustainable decent working and living conditions.

They are also fully committed to the implementation of the reforms set out in the ERPs and policy guidance jointly adopted with EU Member States which are essential not only to improve competitiveness, foster job creation and social inclusion, but also to ensure fiscal sustainability, meet the economic criteria in the accession process and maximise the potential impact of the EU's investment package. The reform agendas need continuous know-how input in order to align with the EU policies required for the accession. The design and delivery of these policies requires better capacities at government level, improved performance of the practitioners, and regular monitoring for more adequate solutions.

The EIP for the Western Balkans put a strong emphasis on the development of human capital in the areas of education and skills, employment and social protection and inclusion and on the need of Western Balkans to improve labour market participation, especially of young people and women, disadvantaged groups and minorities. In order to support employment and offer solutions and perspectives for young people at local level, through the EIP, the Commission proposed the Flagship 10 - Youth Guarantee - an activation scheme to ensure that all young people receive a good quality offer of employment, continued education, apprenticeship or traineeship within a period of four months of becoming unemployed or leaving formal education.

The IPA III programming framework, which outlines the objectives and key thematic priorities for assistance, establishes in its Window 4 Thematic Priority 1 (Education, Employment, Social Protection and Inclusion Policies, and Health) that priority will be given to strengthening the human and social aspects of the economic and social development processes in the region, through support to education, employment, social inclusion, with particular attention to youth, women and vulnerable groups.

In the framework of regional commitments, such as the Common Regional Market (CRM) initiative, the region needs to closely align rules and regulations with the core principles governing the EU Internal Market based on the four freedoms approach. Finally, it must also invest in preparing its economy and labour markets to the green and digital transitions, in line with the Western Balkans Digital and Green Agendas.

2.2 Problem Analysis

Area of support 1 – Youth Guarantee

Short problem analysis

The youth employment crisis was exacerbated by the COVID-19 pandemic. It made existing structural deficiencies of youth labour markets in the Western Balkans, characterised by low employment rates, poor quality of jobs, high inactivity, and a push toward outmigration, even more urgent. Following the launch of the EIP, the Western Balkan governments committed to establish, implement and enhance Youth Guarantee schemes. The Youth Guarantee demands profound systemic changes, which, may pose significant challenges including: lack of tools and institutional processes to reach out and deal with YG clients; difficulty in articulating complex structural reforms across policy areas (education, employment, social protection) and linking them to concrete actions/interventions; shortcomings in Public Employment Services (PES) capacities and resources; need for enhanced monitoring and evaluation techniques.

Main stakeholders

The final beneficiaries of this area of support will be mainly young men and women (15-29 years) in the Western Balkans who are not in education, employment, or training (NEET) and will be integrated in the labour market. Main stakeholders will be the Western Balkan ministries and agencies in charge of employment, social affairs, education, and youth, including public employment services. They will be assisted in making the necessary administrative adjustments needed for the implementation of the Youth Guarantee, implementing and coordinating the planned reforms and initiatives and building the capacities of the PES and other stakeholders, including ***social partners and youth organizations***.

Area of support 2 – Employment and Social Affairs Platform III

Short problem analysis

Informal employment stands at high levels and leaves a considerable share of the workforce outside the coverage of labour, and social rights and protection. It also weakens the tax and social security base and hinders the creation of a level playing field for businesses. The lack of coordination in addressing informality is a challenge. Western Balkan governments committed to improve the occupational safety and health (OSH), but efforts need to accelerate. Improvements in labour inspectorates' organisational structure, infrastructure and equipment and human resources are needed for high quality inspections in OSH. The quality of available data is also paramount for developing risk assessment tools. Knowledge about OSH standards and cooperation need to be generalised among businesses and with social partners. Social dialogue remains weak with governments from the region still dominating all stages of policymaking and leaving little space for social partners to provide meaningful contributions. Collective agreements are a rule in the public sector but an exception in the private one.

Main stakeholders

As in the first area of support, also in the second the final beneficiaries of this Action are men and women in the Western Balkans who will benefit from better labour market conditions and stronger labour market institutions. In particular, the Action will benefit workers, unemployed and jobseekers who will profit from improved labour conditions in terms of formal jobs, safe and health workplaces, and stronger social partners.

The main stakeholders will include the Western Balkan ministries in charge of employment and social affairs, public employment services, labour inspectorates, economic and social councils, and national statistics institutes. They will be assisted in putting in place adequate policies, making the necessary cross sectoral administrative arrangement and implementing and coordinating the planned reforms and initiatives, in partnership with all other relevant labour market stakeholders, such as social partners, private sector, academy and civil society organisations (including youth organisations).

2.3 Lessons Learned

Area of support 1 – Youth Guarantee

The Action is built on lessons learnt, best practices and experiences from the implementation of the Youth Guarantee in the EU, in North Macedonia and in the Western Balkans since 2021. When, EU Member States introduced YG schemes in 2014, they could rely on labour market institutions at a more advanced stage of development compared to the Western Balkans. Yet, several EU Member States faced significant challenges. Given the challenges the European Commission and the ILO launched the joint Action “Enhancing capabilities of practitioners to design, implement and monitor youth employment policies - under the Council Recommendation on Establishing a Youth Guarantee”. The Action leveraged ILO's expertise, its experience in enhancing capabilities of staff of labour market institutions and included direct support to three target Member States (Latvia, Portugal, and Spain) and several deliverables for use by all EU Member States.

The Action is also built on lessons learnt from the implementation of the YG in North Macedonia. After 5 years, North Macedonia still faces challenge showing how difficult it is to implement major reforms in a constrained fiscal space and that the participation of the social partners in the YG facilitates the promotion of a culture of dialogue, consultation and transparent decision-making. The experience of North Macedonia has been a valuable input for the other economies in YG regional peer learning meetings organised by the European Commission, with support of TAIEX office, and ETF.

The Action is also built on the lessons learnt from the 1st phase of support from the EU ILOTAF to the region since 2021, implemented in cooperation with ETF. Initially financed by the ILO and now co-financed by DG

EMPL and the ILO, the EU-ILO TAF provides on demand technical assistance to Western Balkans institutions in the design and implementation of YGIPs. Lesson learnt from this first phase include inter alia: challenges in sequencing and prioritising reforms in education, training and for the labour market, the need to target the less ready to be employed youth and the need to ensure Western Balkans respect the full set of policy principles underpinning the YG. Another important lesson learnt is the need for strong interinstitutional cooperation, including civil society organisations, youth organisations as well as the business sector; as well as adequate capacity building for all YG implementing actors and stakeholders, public and non-public entities. Finally, the complementarity between bilateral planned/ongoing with support of IPA and regional YG initiatives needs particular attention as a key factor for success. This can maximise investment in human capital development in the region as a whole and at the level of each economy.

Area of support 2 – Employment and Social Affairs Platform III

The previous phases of ESAP (2016-2019;2019-2023) demonstrated that a strong and continuous commitment of beneficiaries to regional cooperation activities is key for the success of this project. In a context of limited human resources and heavy workload in the beneficiary institutions, regional activities need to be well-designed, tailored to the needs of the beneficiaries and complementary to government action and bilateral external assistance, while ensuring that officials participating in the activities have the required expertise and experience.

Another important lesson is that the regional approach is more successful when followed by tailored support, based on the needs of the beneficiaries. Additionally, it is crucial to ensure coordination with similar initiatives that target the same beneficiaries to avoid overlapping and tiring of the beneficiary expert base. In the area of undeclared work, the engagement of governments and companies in regional activities was stronger when involving European partners.

The hands-on approach with regional networks of Labour Inspectorates, Economic and Social Councils and Agencies for Amicable Settlement of Labour Disputes was reported by the partners as the most valued, especially when compared to classic training. Furthermore, the introduction of topics and approaches that intertwined Western Balkan and European perspectives increased the partners' interest, by bringing them closer to the EU integration perspective.

3. DESCRIPTION OF THE ACTION

3.1 Intervention Logic

The Overall Objective of the Action is to promote fair and well-functioning labour markets in the Western Balkans in line with the European Pillar of Social Rights.

The Specific Objectives (Outcomes) of the Action are:

- (1) Facilitated integration into the labour market of unemployed and disengaged young women and men;
- (2) Advanced alignment with the EU *acquis* and the implementation of the European Pillar of Social Rights in the areas of undeclared work, health and safety at work and social dialogue.

The Outputs to be delivered by this Action contributing to the corresponding Specific Objectives (Outcomes) are:

- 1.1 Contributing to Outcome 1: Stakeholders receive tailor-made technical guidance and support to review and adjust key features of policy and legal frameworks underpinning the Youth Guarantee.
- 1.2 Contributing to Outcome 1: Critical elements of the Youth Guarantee service delivery mechanism supported with technical advisory missions, specific tools and tailored learning packages.
- 1.3 Contributing to Outcome 1: Stakeholders have access to adapted knowledge resources (methodologies, approaches, practices) that facilitate alignment with Youth Guarantee policy principles across phases and enablers.

1.4 Contributing to Outcome 1: Support peer learning and a dynamic regional network of Youth Guarantee Coordinators in the Western Balkans.

2.1 Contributing to Outcome 2: Enhanced performance of the Western Balkans in tackling undeclared work and preparedness for integration in the European Labour Authority.

2.2 Contributing to Outcome 2: More effective and upskilled tripartite actors (governments, employers and workers) participate in social dialogue and promote collective bargaining.

2.3 Contributing to Outcome 2: Improved Occupational Safety and Health frameworks adopted and implemented.

The underlying intervention logic for component 1 is that **IF** the stakeholders received support on their policy and legal frameworks, and on the youth guarantee service delivery mechanism, stakeholders are aware of the YG principles, and actively participate in peer-learning, **THEN** unemployed and disengaged young women and men in the Western Balkans stand a better chance to integrate in the labour market.

The underlying intervention logic for component 2 is that **IF** we enhance performance in tackling undeclared work, ensure more effective and upskilled social partners, and adopt and implement improved OSH frameworks, **THEN** the Western Balkans will improve their alignment with EU *acquis* and advance the implementation of the European Pillar of Social Rights.

3.2 Indicative Activities

Area of support 1 – Youth Guarantee

Activities related to Output 1.1 include support stakeholders review and draft legislation, by-laws, and procedures that facilitate establishment, implementation, monitoring and expansion of the YG; and collect information on indicators to measure the performance of policy reforms and policy initiatives under the Youth Guarantee Implementation Plans (YGIP) in complementarity with activities included in IPA bilateral programmes supporting the YG implementation.

Activities related to Output 1.2 include developing or strengthening statistical profiling models, trainings, learning packages supporting human resources at central and local levels including PES and partners on the YG service delivery system and reviewing the quality of offers, including social partners, youth organisations, and other relevant Civil Society Organisations involved in YG delivery and monitoring. Assess feasibility and provide guidance on the online delivery of services. Conduct Functional assessment of PES or update existing assessments in line with the ILO methodology and provide recommendations to allow the implementation of the YG.

Activities related to Output 1.3 include review the implementation of rules for policy, performance monitoring, data pooling/processing/management processes provide guidance on improvements and trainings; support the review of pilot programmes; review PES monitoring systems and provide recommendations for their alignment to the EMCO requirements; ‘support enhanced monitoring of YGIPs implementation including budget and funding to the YGIP priorities.

Activities related to Output 1.4 include improve NEETs mapping approaches; provide technical assistance on activation and outreach including with minimum service delivery standards for organizations implementing outreach and training; support capacity development activities to enable the active participation of identified social partners in the governance of the YG, including youth organisations and other relevant Civil Society Organisations; facilitate the introduction and monitoring of quality indicators and increase awareness on implications among YG stakeholders.

Activities related to Output 1.5 include organizing and facilitating periodic meetings and peer learning events for the regional network of YG coordinators and YG practitioners; support knowledge development and

document management within units dealing with YG in relevant IPA beneficiaries; monitoring and reporting on YG schemes in relevant IPA beneficiaries in the Western Balkans to give a regional overview of progress; establish the *Western Balkans Youth Guarantee – Knowledge Center* as a repository of information, reports and guidelines linked to the YG implementation in the Western Balkans.

Activities under this area of support will complement any possible or planned bilateral IPA related activities in this field. Activities will also take into account the different levels or preparedness and institutional set ups of each IPA beneficiary related to the adoption and implementation of the YG. Regular communication and dialogue with the ETF will continue to secure complementarity with regional and bilateral actions focused on skills and VET development in line with EU strategic orientations and in support of YG.

Area of support 2 – Employment and Social Affairs Platform III

Activities related to Output 2.1 include annual plenary meetings of the Western Balkans Network for Tackling Undeclared Work; technical assistance to develop analytical products on topics prioritised by the network; demand-driven Mutual Assistance Projects on undeclared work within the framework of the network; generating and sharing evidence on transition to formality; identification of policies, measures and tools that facilitate transition to formality to be tested, replicated or scaled up; staff exchanges across Western Balkans and with the EU.

Activities related to Output 2.2 include technical support at regional and individual beneficiary levels to social partners in developing white papers or recommendations of policies and measures of the labour market; legal or practical measures to promote collective bargaining; long-term capacity building of young future leaders of social partners.

Activities related to Output 2.3 include revising OSH strategies to align with the EU Strategic Framework on Health and Safety at Work 2021-2027 training labour inspectorates in the areas of OSH; help develop OSH surveillance and monitoring systems; awareness and knowledge building campaigns about OSH targeting specific sectors.

3.3 Mainstreaming

Environmental Protection, Climate Change and Biodiversity

The transition to the green economy will inevitably involve destruction of some jobs, but at the same time, the creation of new ones. The ILO estimates that about 100 million new jobs can potentially be created by 2030, leading to a net job creation of 25 million jobs. It is therefore essential to prepare for it by supporting professional transitions.

The Action will contribute to the necessary transformation of the economies of the region by providing guiding tools to public institutions (e.g. Public Employment Services) and job seekers towards green professions and businesses. https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_856666.pdf In particular, all policies/measures/solutions proposed to stakeholders will be aligned and contribute to the Western Balkans's Green Agenda, as promoted by the Regional Cooperation Council (RCC), which will also monitor its implementation on the regional level.

Gender equality and empowerment of women and girls

Gender equality and non-discrimination at work is an objective in its own right and as asserted in International Labour Conventions and the Sustainable Development Goals. Ensuring equal access to employment and income opportunities for all women and men who are available for work and have the skills and knowledge to be gainfully employed, is not only a human right, but also is good for economic growth, poverty reduction, and social progress.

Persistent gender inequality in the region is translated in the pronounced gender gap in the labour markets with high unemployment and inactivity rates for women and low participation in leading positions and in entrepreneurship.

As per OECD Gender DAC codes identified in section 1.1, this Action is labelled as G1. This implies that gender aspects need to be given particular attention as a key leverage for achieving its expected results. The Action is focused on policies and principles of the EPSR in which gender equality, including empowerment of women and girls, is set as a core value. As such, it will enable the design and introduction of specific measures that foster women's participation in the labour market.

Disability

Principle 17 of the EPSR stresses that people with disabilities have the right to income support that ensures living in dignity, services that enable them to participate in the labour market and in society, and a work environment adapted to their needs.

As per OECD Disability DAC codes identified in section 1.1, this Action is labelled as D1. This implies that being disability an important factor for inactivity, the Action will promote the integration of persons with disabilities in the labour markets, by incentivising the creation of favourable legislation (if not adopted yet) and its implementation (e.g. the integration of people with disabilities is a fundamental pillar of activation strategies under the Youth Guarantee).

3.4 Risks and Assumptions

Category	Risks	Likelihood (High / Medium / Low)	Impact (High / Medium / Low)	Mitigating measures
Category 1 – Risks related to the external environment	Political instability or emergence of a new crisis globally or in the Western Balkans	M	H	The European Commission will closely monitor political developments in the region and analyse potential impacts on the intervention and will ensure flexibility of the Action in case a swift adaptation is needed.
Category 2 – Risks related to planning, processes and systems	Unavailability or absence of appropriate human and (when necessary) financial resources allocated by the beneficiary institutions to the implementation of the activities.	M	H	Direct and continuous communication with beneficiary institutions to ensure that the activities reflect priorities at beneficiary level. Governments should commit to ensuring adequate resources for YGIP in the budget.
Category 3 – Risks related to people and the organisation	Staff turn-over in the Public Employment Services and the Ministries in charge of coordinating the activities of the Action	H	M	Capacity building to be provided to the staff in PES and the relevant ministries and institutions, targeting preferably officials expected to stay in their position to build sustainable networks. Procedures and standards should be put in place to ensure institutional memory even during staff turnover.

External Assumptions

- Political and security situation in the Western Balkan remains stable or improves.
- Governments in the Western Balkans and European Union respond effectively to health, security, economic or energy crisis.
- Governments in the Western Balkans remain committed to regional cooperation and integration in the European Union.
- Governments in the Western Balkans remain committed to supporting a positive dynamic on the labour markets and economies in general including with sufficient investments and implementation of the relevant legal frameworks for the implementation of the Action.
- Continued ownership and commitment by the Western Balkans to ensure constant improvement of public administration and make progress towards European values and principles.
- Ministries will not raise expectations with big announcements and outreach activities should start only after the YG has gone full scale and the service delivery system is operating effectively.
- All relevant stakeholders at regional and economy levels are committed to progress in the areas covered by this Action.
- Relevant institutions and stakeholders remained committed to the Action.
- The EU remains committed to its enlargement to the Western Balkans.
- Political, security and energy situation in Europe is stable.

3.5 Indicative Logical Framework Matrix

Results	Results chain:	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	Fair and well-functioning labour markets in the Western Balkans in line with the European Pillar of Social Rights promoted.	1. Unemployment rate (disaggregated by economy, age groups and by sex) 2. Activity rate (disaggregated by economy, age group and by sex) 3. Labour Productivity GDP per worker = GDP at constant prices / Number of employed persons (disaggregated by economy) 4. Level of informal work (proportion of informal employment in total employment, disaggregated by economy and by sex)	1. Unemployment rate (2021) AL 12% (M:11.8%; F: 12.4%) BA 17.5% (M: 14.5%; F: 22.2%) XK 20.7 (M:19.0%; F: 25%) ME 16.8% (M:17.3%; F: 16.1%) MK 15.8% (M: 16.6%; F:14.7%) RS 11% (M: 10.6%; F: 12.4%) 2. Activity Rate AL 69.3% (M:77.3%; F: 61.4%) BA 59.1% (M:71.4%; F: 46.7%) XK 39.3% (M: 56.6%; F: 22%) ME 59.2% (M: 65.5%; F: 52.9%) MK 65.5% (M:77.1%; F: 53.4%) RS 70.3% (M:77.5%; F: 63%) 3. EUR/worker AL 10074 ME 19828 BA 15141	1. Improved by 2028 2. Improved by 2028 3. Improved by 2028 4. EUR 17000 /worker	Labour Force Survey Employment Observatory for the Western Balkans Statistical Institutes	Not applicable

			XK 19118 MK 14654 RS 15806 4. 2019 data (in %) AL: M: 89; W:53.8 ME n/a BA: M: 22.4; W: 24.3 XK: n/a MK: M: 15.7; W: 11 RS: M: 18.4; F:19			
Outcome 1 YG	Facilitated integration into the labour market of unemployed and disengaged young women and men.	1.1 Number of relevant legal amendments adopted 1.2 Status of the national monitoring systems that measure the performance of the YG service delivery and the progress of policy reforms 1.3 Level of compliance of the quality framework for services and offers to the EU standards and practices 1.4 Number of meetings of the Western Balkans YG network	1.1 Current laws/bylaws that are not fully conducive to the implementation of the YG 1.2 Current national monitoring systems are not adjusted to YG requirements 1.3 Services and offers that do not comply with EU quality standards 1.4 Annual meeting of YG coordinators	1.1 At least one legal reform per YGIP proposed 1.2 Institutional responsibility for the YG monitoring assigned and functional. 1.3. One YG quality framework available 1.4 Meet at least biannually	YG Implementation reports Commission Reports Official Gazette Regular reports on EMCO indicators	Governments remain committed to introduce the reforms necessary for the implementation of the YG Labour market institutions remain committed to introduce all necessary reforms to align with YG requirements Relevant institutions and youth organisations are supportive of the implementation of YG
Outcome 2 ESAP III	Advanced alignment with the EU <i>acquis</i> and the implementation of the EPSR in the areas of undeclared work, health and safety at work and social dialogue.	2.1. Number of policies, regulations, measures or practises enhanced and/or implemented in the realm of employment area (relevant to the EPSR) by 2028	2.1. 0	2.1. 18 2.2 18	NSI/Eurostat ESAP Employment Observatory ESAP III Monitoring and Reporting	Governments committed to regional cooperation and integration in the European Union. Governments commitment towards the labour market reforms and the implementation of the EPSR

		2.2. Number of policy proposals, white papers or briefs contributing to transition to formal employment produced by the Western Balkans' labour market institutions as a result of this Action by 2028 2.3. Level of informal work (disaggregated by economy and by sex)	2.2. 6 2.3. AL 29%; ME n/a; BA 20.7%; KS 20-30%; MK 9.9%; RS 18.3%	2.3. Improved by 2028.	Yearly assessments on the EPSR RCC reporting on the Platform of Undeclared Work	
Output 1 related to Outcome 1 YG/ILO	Tailor-made technical guidance and support to review and adjust key features of policy and legal frameworks underpinning the YG provided to stakeholders	1.1.1 Number of proposals for legal/policy reforms prepared and presented 1.1.2 Number of reports on policy reform related performance	1.1.1 0 1.1.2 0	1.1.1 At least 4 1.1.2 At least one report per beneficiary	YG Implementation reports Commission Reports	Governments' commitment towards the YG remains unchanged Labour market institutions remain committed to introduce all necessary reforms to align with YG requirements
Output 2 related to Outcome 1 YG/ILO	Critical elements of the YG service delivery mechanism supported with technical advisory missions, specific tools and tailored learning packages	1.2.1 Number of statistical profiling models of unemployed developed 1.2.2 Number of offers assessed and adjusted to EU quality criteria 1.2.3 Learning packages developed	1.2.1 0 1.2.2 0 1.2.3 0	1.2.1 At least one 1.2.2 At least one per PES 1.2.3 At least one per YG phase	YG Implementation reports Commission Reports	Governments' commitment towards the YG remains unchanged Labour market institutions remain committed to YG implementation
Output 3 related to Outcome 1 YG/ILO	Adapted knowledge resources (methodologies, approaches, practices) that facilitate alignment with YG policy principles across phases and enablers provided to stakeholders	1.4.1 Minimum service delivery standards for the organizations implementing outreach developed 1.4.2 Number of representatives of the social partners trained on	1.4.1 0 1.4.2. 0	1.4.1 At least one 1.4.2 At least 5 per Western Balkans IPA beneficiary	YG Implementation reports Commission Reports	Governments' commitment towards the YG remains unchanged Labour market institutions remain committed to YG implementation Relevant institutions and youth organisations are

		outreach activities and YG monitoring				supportive of the implementation of YG
Output 4 related to Outcome 1 YG/ILO	Peer learning and a dynamic regional network of YG Coordinators in the Western Balkans supported	1.5.1 Number of thematic peer-learning events and periodic YG coordinators meetings 1.5.2 Regional repository of resources developed	1.5.1 2 1.5.2 0	1.5.1 At least 2 per year for each category of events. 1.5.2 1	YG Implementation reports Commission Reports	Governments' commitment towards the YG remains unchanged Labour market institutions remain committed to YG implementation
Output 1 related to Outcome 2 ESAP III/RCC and ILO	Enhanced performance of the Western Balkans in tackling undeclared work and prepared for integration in the European Labour Authority.	2.1.1. Number of participants of the Western Balkan' Network involved in the Mutual Assistance Projects work and exchanges 2.1.2. Number of evidence-based briefs on employment formalisation, one per each formalisation pilot, produced by the Western Balkan's beneficiary institutions with the support of the project 2.1.3. Number of workers that transitioned to formal employment with support from the project.	2.1.1. 18 2.1.2. 1 2.1.3. 0	2.1.1. 54 2.1.2. 3 2.1.3. To be defined	Experts' reports ESAP III project monitoring ESAP III monitoring and reporting	Governments committed to regional cooperation and integration in the European Union. Governments commitment towards the labour market reforms and the implementation of the EPSR to tackle undeclared work.
Output 2 related to Outcome 2 ESAP III/ILO	More effective and upskilled tripartite actors (governments, employers and trade unions) participate in social dialogue and promote collective bargaining	2.2.1. Number of white papers, policies or measures on labour market designed by the social partners or tripartite actors with the project support that are presented to and discussed with the	2.2.1. 6 2.2.2. 6 2.2.3. 0 2.2.4. Western Balkans 28.26; MK 41.88; BA36.40	2.2.1. 12 2.2.2. 12 2.2.3. 18 2.2.4. Western Balkans 48.88;	ILO reporting Government reporting Experts' reports	All relevant stakeholders committed to cooperation Governments commitment towards improved social dialogue.

		respective governments in the Western Balkans by 2028 2.2.2. Number of legal or practical measures designed and implemented by the social partners regarding collective bargaining in the Western Balkan by 2028 2.2.3. Number of new recommendations adopted by social partners by 2028. 2.2.4. collective bargaining rate (per economy)	SR 19; AL 27.15; KS 9.98; ME 100	MK 43.40 BA 43.40 SR 26 AL 34 KS 17 ME 1002.2.1. 54	ESAP III project monitoring	
Output 3 related to Outcome 2 ESAP III/ILO	Improved Occupational Safety and Health frameworks adopted and implemented.	2.3.1. Number of Western Balkans' economies with updated OSH strategies in line with the EU <i>acquis</i> and implementation plan by 2028 2.3.2. The completion rate of training course in OSH in the Western Balkans by 2028. 2.3.3. Number of inspectors with increased skills and knowledge in OSH in the Western Balkans by 2028.	2.3.1. To be assessed in the beginning of the project in 2024 2.3.2. 80% 2.3.3. 167	2.3.1.2-3 economies by 2028 2.3.2. 100% 2.3.3. 334	ESAP III project monitoring Experts reports ESAP III project monitoring	All relevant stakeholders committed to improve OSH frameworks and to cooperation.

Note: Employment indicators (baseline): ESAP II calculation based on data available on ESAP Employment Observatory www.esap.online/observatory (for five Western Balkans' economies (entire 2021) and data available for Kosovo (Q1 2021)).

4. IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this Action, it is not envisaged to conclude financing agreements with relevant IPA III beneficiaries.

4.2 Indicative Implementation Period

The indicative operational implementation period of this Action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented is **72 months** from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the Action with EU restrictive measures³.

4.3.1 Direct Management (Grants)

(a) Purpose of the grant

The grant will contribute to achieving Outcome 2 and partly Output 2.1. It will contribute to stronger policy-making capacities of Western Balkans' Ministries in charge of Labour and Social Issues in alignment with EU policies and measures on EPSR issues, enhanced autonomy and performance of the Western Balkans Network Tackling Undeclared Work, prepared for integration in the European Labour Authority and enhanced performance of PES in line with EU-modelled PES bench-learning in the Western Balkans.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the **Regional Co-operation Council (RCC)**.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified based on Article 195 (f) of the Financial Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, i.e. for activities with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation and its administrative powers, on condition that the activities concerned do not fall within the scope of a call for proposals. More concretely, the recourse to an award of a grant to the RCC is justified due to its mandate and administrative power, its high degree of specialisation, and technical competence in the field; and demonstrated experience.

The RCC is a regional body mandated by the governments of its member partners. Parts of the activities under this grant are directly targeting government administrations and agencies (Ministries in charge of employment

³ EU Sanctions Map. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

and social policies, the different PES, labour inspectorates, other relevant ministries and bodies dealing for example with tax matters in the context of tackling undeclared work). The RCC has the administrative power to ensure the active commitment of the Beneficiaries' institutions to the implementation of the ESAP activities. This commitment is essential for achieving the necessary labour market, employment and social policy reforms. Furthermore, the RCC has a high degree of specialisation and technical competence in the policy areas of the action, as demonstrated for example by the RCC's steering role in the implementation of the Green and Digital Agendas in the Western Balkans and in the Common Regional Market. The overall ownership of the implementation of the activities lies clearly with the RCC. The nature of the action involves that for some tasks of analytical/academic nature the RCC needs to make recourse to subcontracting, as well as engaging ad-hoc EU expertise. Finally, having been the implementing partner of the two previous phases of ESAP, RCC has acquired a unique and extensive expertise and experience required for the implementation of the third phase of this intervention.

The part of the Action under the budgetary envelope reserved for grants may, partially or totally and including where an entity is designated for receiving a grant without a call for proposals, be implemented in indirect management with an entity, which will be selected by the Commission's services using the criteria defined in section 4.3.1.b).

4.3.2 Indirect Management with a pillar-assessed entity

A part of this Action may be implemented in indirect management with the **International Labour Organisation**. This implementation entails, for area of support 1, performing the activities outlined in Section 3.2 with a view to enhance overall capacities, as well as policy and legal frameworks, for the establishment, gradual implementation, and monitoring of the YG in the Western Balkans; and to enable the application of the YG policy principles throughout the phases of the YG, including through a culture of peer learning, triangular cooperation, regional dialogue, and networking on the YG in the Western Balkans. The activities will include regional initiatives with all relevant IPA beneficiaries as well as measures targeted to each economy. They will be implemented in complementary to planned support to the YG under IPA bilateral Programmes. For area of support 2, the implementation entails the organisation of trainings on the Occupational Safety and Health Frameworks (OSH) and the labour inspectorates of the Western Balkans, the strengthening of the social dialogue and the provision of data evidence for tackling undeclared work. The ILO will be responsible for the delivery of outputs 2.1 (partly), 2.2 and 2.3.

The ILO is the United Nations agency for the world of work, which brings together governments, employers and workers to drive a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue. The ILO is pillar assessed and a long-standing partner of the European Union. The EU partnership with the ILO is firmly rooted in the belief that economic and social progress should go hand in hand. The EU supports ILO development cooperation actions and promotes the Decent Work Agenda globally.

The envisaged entity has been selected for implementing area of support 1 using the following criteria: specific competences in the set-up, preparation and implementation of Youth Guarantee based on the EU model defined in the Council Recommendation on a reinforced Youth Guarantee, competences in legislative reforms, institutional capacities and delivery mechanisms necessary for the Youth Guarantee implementation. A crucial element is the experience in supporting implementation of YG in EU Member States. For area of support 2, ILO has been selected on grounds of its unique tri-partite nature and tripartite expertise in the areas of social dialogue and Occupational Safety and Health (OSH), its expertise and experience in the region and its experience in the previous phases of the ESAP project.

In case the envisaged entity would need to be replaced, the Commission's services may select a replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this Action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Indicative third-party contribution (amount in EUR)
Outcome 1: Youth Guarantee composed of:	3 500 000	0
Indirect management with ILO – cf. section 4.3.2	3 500 000	0
Outcome 2: ESAP III composed of:	5 000 000	53 500
Grant (direct management) – cf. section 4.3.1 - Direct grant to RCC	2 500 000	0
Indirect management with ILO – cf. section 4.3.2	2 500 000	53 500
Grants – total envelope under section 4.4.1	2 500 000	N.A
Evaluation – cf. section 5.2	may be covered by another Decision	N.A.
Audit – cf. section 5.3		
Strategic Communication and Public Diplomacy – cf. section 6	will be covered by another Decision	N.A.
Totals	8 500 000	53 500

4.6 Organisational Set-up and Responsibilities

Area of support 1: A Steering Board will be established to provide strategic, political and technical guidance to the Action, monitor progress and assist where possible in overcoming any obstacles to progress. The Steering Board will be composed of representatives of the European Commission, ILO, ETF, as well as of the ministries in charge of employment, social partners, and partner youth organisations in the Western Balkans.

Area of support 2: A Steering Committee (SC) will be established as the governing body of ESAP III. The SC areas of decision-making relate to the overall steering and strategic guidance. The SC ensures close co-operation between the beneficiaries, the implementing partners and the European Commission and relevant services. It provides a forum for discussion and decision-making on inputs and outputs of the project. On the European Commission side, DG EMPL and DG NEAR participate. The EU Delegations/EU Office will be observers. The two implementing partners (RCC and ILO) will act as Secretariat of the PSC. The SC should meet at least once a year.

In addition to the above, the European Commission and the implementing partners will organise monthly meetings to discuss the level of implementation of the project.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this Action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports.

The main mechanism of monitoring the performance of the Action will be the progress reports, to be submitted to the Commission on an annual basis. Every report shall provide an accurate account of implementation of the Action, challenges encountered, modifications, and the level of achievement of the outputs and outcomes, measured as per the corresponding indicators entailed in the logframe matrix. Detailed monitoring criteria and indicators and sources of verification will be defined for each of the outcomes. The final reports, narrative and financial, will cover the entire period of the Action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.2 Evaluation

The European Commission may carry out a mid-term, a final or an ex-post evaluation for this Action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the Directorate-General for Neighbourhood and Enlargement Negotiations Guidelines on linking planning/programming, monitoring and evaluation. In addition, the Action might be subject to external monitoring in line with the European Commission rules and procedures.

In addition to the above, ILO will carry out mid-term internal and final external evaluations in accordance to the [ILO guidelines for the evaluation of DC projects](#).

The evaluation reports shall be shared with the Beneficiaries and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the Beneficiaries, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing Decision.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this Action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [*Communicating and raising EU visibility: Guidance for external actions*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the Beneficiaries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this Action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the Action and its objectives as well as on EU funding of the Action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall Action to the relevant monitoring committees.

7. SUSTAINABILITY

The comprehensive reforms to be undertaken to establish and implement under this Action are expected to bring long-term impact and benefit to men and women in the Western Balkans who will benefit from better labour market conditions and stronger labour market institutions.

The key point in achieving sustainability of this Action is to hand over to the labour market institutions in the Western Balkans the concrete results and tools – protocols, practices, networks, guides, learning packages – that will have long lasting practical application. Capacity development, transfer of knowledge, peer learning, documentation of lessons learnt for replication and scaling up will be systematically collected and embedded in all activities. Ownership of all outputs will be shared with national stakeholders in the Western Balkans.

The implementing partners have both a long-standing relationship of cooperation with the Action's stakeholders and will continue to have it beyond the implementing period of the Action. These cooperation bonds will ensure good standing of the Action itself, but also sets the ground for follow-up of the initiated processes after the life of the Action.

The beneficiary institutions (Ministries of Labour and Social Affairs, ESCs, Labour Inspectorates, Social Partners, Tax Administrations and Public Employment Offices) have been consulted during the design of the Action and will be actively involved in the processes of implementation and monitoring of the Action, thus gaining a high level of ownership for the alignment process and ensuring the sustainability of the results.

Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

- ✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- ✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
- ✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

The present Action identifies as:

Action level		
☒	Single action	Present action: all contracts in the present action