



European Training Foundation

BOSNIA AND HERZEGOVINA

EDUCATION, TRAINING AND EMPLOYMENT
DEVELOPMENTS 2021

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KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT

Bosnia and Herzegovina is a federal republic made up of two entities: the Federation of Bosnia and Herzegovina (BiH), the Republika Srpska (RS), and a self-governing district, Brčko. The Federation comprises 10 cantons. Responsibility for education and employment is spread across 13 ministries and a number of executive agencies. At national level, education and employment developments are coordinated by the Ministry of Civil Affairs. The multi-level governance structure reflects the wider ethnic make-up of the country and is characterised by political tensions and stalemates. These impede overall socio-economic planning and development, including achieving an integrated economy, labour market mobility and a coherent education space. Lack of political cooperation features in EU concerns as to the country's readiness to fully commit to accession preparations. This is in direct contrast to the wider interests of the BiH public, with over 70% of the population supportive of EU membership (Akdemir, 2018).

The COVID-19 health crisis has compromised an already poorly performing economy, with GDP falling some 8% between 2018 and 2020. Furlough schemes introduced by all governments have been effective in sustaining employment, although low vaccination rates and rising infections in late 2021 raise the spectre of new restrictions, which could bring further challenges for businesses and workers.

The unemployment rate is particularly high among young people and women, at 36.6% and 18.5% respectively (EU: 16.8% and 7.4%). Apart from a poor absorption capacity within the BiH economy, the high youth unemployment rate (over twice that of the EU) also reflects poor alignment of education with business requirements. Additional challenges for education include a commitment to implement a state-wide Common Core Curriculum, and budgets prioritised around personnel and administration with little investment in teaching and learning innovation and overall quality of education. In particular, the results of a first PISA assessment underline significant deficiencies in the quality of secondary education and are linked to quality concerns in primary education (ETF, 2021a).

Overall, the education systems have proved to be resilient during the early phases of COVID-19, with education administrations quickly introducing remote learning. However, those living in outlying rural areas, as well as the Roma community, were particularly disenfranchised given the lack of ICT equipment and internet access at home. Nonetheless, this shift to remote learning has opened a debate on digital learning and wider digital skills development, which feature in a new state-wide vocational training strategy approved in 2021.

Efforts to establish a state-wide strategy for employment have been slow, but with both key entities having updated their respective employment strategies, this provides the basis for identifying a set of state-wide employment priorities. This will be timely, given a particular policy push from the European Commission to consider a package of active employment and skills development measures particularly focused on young people (Youth Guarantee Scheme).

Moving forward, BiH education and employment stakeholders would do well to consider further developments as follows: a) elaborate a more cohesive quality-improvement plan for primary, secondary and vocational education and participate in international benchmarking initiatives; b) stocktake and evaluate COVID-19-driven emergency digital learning developments and build on good practice; c) adopt state-wide employment priorities and agree a common package of active

employment and skills development measures for inclusion within a Youth Guarantee Implementation Plan; and d) build coherence and synergies across education, training and employment policies and practice, to include a common reporting mechanism as inputs to the annual Economic Reform Programme.

1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

▪ Political developments and health situation

Since the signing of the Dayton Peace Agreement, which ended the war in Bosnia and Herzegovina 25 years ago, a complex and confrontational governance framework established by Dayton has essentially maintained the country in a permanent state of crisis. Threats of secession and the break-up of the country by political leaders from the Serb community in October 2021 demonstrate the country's continuing vulnerability to further conflict.

Operating in permanent crisis mode undermines all efforts, both by local stakeholders and the international community, to build a functioning state and a functioning economy. This further frustrates ambitions by Bosnia and Herzegovina in its policy efforts to join the European Union. Its first formal application for EU membership in 2016 was turned down on the basis of significant deficits in the political (rule of law, democracy, human rights and public administration reform) and economic criteria, with particular criticism of the 'high degree of politicisation' in the economic governance framework, which undermines competitiveness and growth (European Commission, 2019). This politicisation of policy additionally impacts on wider sector developments, including education and employment, as demonstrated within the country's Economic Reform Programme, which 'lacks a single, joined-up perspective' for the country (European Commission, 2021a).

The COVID-19 health crisis has had a considerable impact on the economy. However, the quick response of governments to contain the virus during the first wave, by mobilising resources to mitigate the impact of the pandemic on people and businesses, comes through in the unemployment rate –up just 0.3% between 2019 and 2020. Nevertheless, 28% of surveyed employers were forced to suspend their business operations, either temporarily or permanently. About 22% of employers were able to organise work from home, while 11% of employers decided to lay off workers to address the difficulties they faced (Bandić & Markus, 2021).

The country has been slow, however, in rolling out its vaccination programme. Only 23.5% of the population is fully vaccinated (Reuters, 2021). While the epidemiological situation showed considerable improvements in mid-2021, end-of-year data point to a steep rise in infections and with that, the spectre of possible further restrictions on people and businesses.

▪ Demographics

With a population of 3.5 million (most recent census data from 2013), just over 70% are of working age (15–64 years), with young people (15-24 years) accounting for 11%. Emigration trends point to a steepening rise in numbers as young people, in particular, seek more opportunity away from home, with some 47% of young people planning to leave (UN, 2021). By way of example, some 400 000 people left Bosnia and Herzegovina in the ten years up to 2019 (Efendić, 2021). The exodus of young people from Bosnia and Herzegovina (primarily to EU Member States) presents a particular challenge, as the country will rely on younger human capital for growth and competitiveness. Following a lull in emigration associated with the health crisis and its mobility restrictions, a renewed outflow, particularly of better educated workers, could generate skills shortages and increased

pressure on wages. In addition to emigration, demographic changes are set to generate further challenges for the economy.

In terms of ethnic make-up, Bosnia and Herzegovina comprises three populations: the Bosniak (51.1%), Croat (15.4%) and Serb (30.8%) communities. The ethnic lines are reflected in the governance arrangements, primarily comprising two independent entities (the Federation of Bosnia and Herzegovina and Republika Srpska) and coordinating state institutions. Bosniak and Croat communities make up the entity of the Federation of Bosnia and Herzegovina (10 cantons), while the Serb community is primarily concentrated in Republika Srpska.

Specifically on children, the World Bank's 2020 Human Capital Index shows that children can expect to complete an average of 11.7 years of schooling by the age of 18. However, this is equivalent to only 7.8 years of effective education when the quality of learning is taken into account. Overall, a child born in Bosnia and Herzegovina in 2020 will be only 58% as productive in adulthood compared to a child who has enjoyed a complete education (World Bank, 2020).

- **Economic developments, informal economy, remittances**

Important sectors of the economy, in terms of export potential, are metals, minerals, wood processing and paper (Krajišnik & Popović, 2020). Tourism accounts for a rising share of GDP and was an increasingly important generator of revenue and jobs until the onset of the health crisis. While Bosnia and Herzegovina's economy had been showing sluggish growth in recent years, the health crisis has further compromised growth potential. Output contracted by 4.3% in 2020. Travel restrictions particularly affected tourism and export-oriented businesses. Against this backdrop, Bosnia and Herzegovina's Economic Reform Programme nonetheless predicts 3% growth in the period 2021-2023 (BiH, 2021). However, political instability associated with the country's confrontational governance structure referred to above will continue to undermine investor confidence and economic progress (European Commission, 2021a).

It is estimated that some 34% of GDP is accounted for by the informal economy. The profile of informal workers is predominantly rural (83% of BiH's informal employees work in the agricultural sector); young (50% under the age of 30), and from poorer families and under-educated (Pasovic & Efendic, 2018). Those failing to complete secondary education are five times more likely to be in undeclared work than those completing secondary education. The lion's share of informal workers are self-employed, while the formal economy accounts for 9% of undeclared workers (ILO, 2019).

The complex governance and administrative arrangements across the range of governance levels referred to above are considered a precursor to informal employment. Statutory responses to addressing the problem primarily focus on penalties for tax non-compliance. This has generated calls to shift from a policy of deterrence to one of engagement and commitment to working within the formal economy (Efendic, 2018).

Given the difficult economic and political circumstances in Bosnia and Herzegovina, many people leave the country. Emigration increased almost twofold between 2013 and 2018 (WFD, 2020). The resultant diaspora and their remittances account for 10% of GDP. Consequently, the economy is particularly vulnerable to declines in remittances. Concerns have been raised as to a possible fall in remittances associated with precarious employment in host countries during the early days of the COVID-19 pandemic (ETF, 2020). Data from the International Organisation for Migration confirms this hypothesis. Some 50% of the diaspora expect to reduce remittances due to work/wage reductions. This will generate financial hardship for remittance-receiving households (IOM, 2020).

2. EDUCATION AND TRAINING

2.1 Trends and challenges

- **Education expenditure, access, participation and early leaving**

Although there is no official data on public education spending, the World Bank estimates this at 4.6% of GDP (World Bank, 2019). This spending mirrors that of EU public investment in education. Despite this relatively high percentage of investment in education, Bosnia and Herzegovina's education outcomes are among the weakest in south-eastern Europe (GIZ, 2020). Systemic inefficiencies in education expenditure, perpetuated by the complex governance of education involving 13 separate education budgets, undermine the potential to improve the quality of learning and learning outcomes (World Bank, 2019).

In the Federation, 91% of the education budget goes to personnel, while this figure is 87% in Republika Srpska. While enrolments are declining, teacher numbers have been increasing. Further, nearly a third of staffing costs are accounted for by non-teaching staff. This raises questions about overall spending and the efficient use of education budgets (World Bank, 2019). This spending detracts from capital investments that could improve areas such as teacher development and ICT infrastructure.

Financing for schools is primarily sourced from cantonal budgets in the Federation and from Republika Srpska's central entity budget. Projected education budgets could be at risk if a more drawn-out COVID-19 crisis unfolds beyond 2021. This would put additional fiscal pressure on BiH's governments, with financing diverted to areas such as health, unemployment and business support.

There is no state-level education budget. State-level education coordination activities by the Ministry of Civil Affairs are primarily donor-supported.

Overall, 76% of secondary education schools are vocational: 148 vocational schools in the Federation, 84 in Republika Srpska and a further 3 in Brčko District. A breakdown of overall enrolment in the two entities is provided in Table 1. This highlights significantly higher numbers of secondary pupils following vocational education. Gender breakdown in vocational education is 60/40 male to female.

Table 1. BiH school enrolment by entity, 2018

Location	Pre-school	Primary school	Secondary education			Total pupils	Share of total pupils in BiH
			General	VET	Other		
Federation	15 093	185 032	20 253	57 838	3 363	281 579	67%
Republika Srpska	10 240	90 995	8 875	30 831	125	141 066	33%
BiH	25 333	276 027	29 128	88 669	3 488	422 645	100%

Source: Adapted from World Bank (2019) and ETF (2020).

The share of early leavers from education and training in Bosnia and Herzegovina has improved in the decade leading up to 2020. At 4.7% in 2020, Bosnia and Herzegovina is well ahead of EU's 9.9%, which stands just shy of its 2030 early-leaving target of 9%.

In 2020, only 3.3% of adults (25-64 years) participated in some form of education or training. For comparison, the EU's best adult learning performer is Sweden at 26.6%. Adult illiteracy stands at 2.8% (Pranjić & Račić, 2020). Bosnia and Herzegovina will require significant efforts to improve adult education and training, both in the workplace and through other formal or non-formal learning routes. BiH's performance is roughly a third of the EU's adult learning rate in 2020 and ahead of Bulgaria, Croatia, Romania and Slovakia. Notwithstanding BiH's underdeveloped adult learning provision, all EU Member States additionally have a significant challenge in meeting the EU's 2025 target of 47% of adults aged 25-64 participating in learning during the last 12 months.

In terms of numbers completing tertiary education, available data underlines a steady upward trend in tertiary education attainment, up almost 12% since 2010 to 23.5% in 2018 (2019/2020 data not available). While the EU Member States still fall short of the 2030 target of 45% tertiary attainment (40.3%), BiH's closest rival within the European Union is Italy at 28%. For those concerned with tertiary education developments in BiH and for benchmarking purposes, the EU's top performer on tertiary education attainment is Ireland at 58.4%.

▪ **PISA results**

The results of Bosnia and Herzegovina's first participation in the PISA assessment underscore serious concerns on the quality of education. Well over half of 15-year-olds are low-achieving in reading, writing and mathematics compared to a fifth of their counterparts in the European Union. The PISA data and wider analysis point to significant deficiencies in primary education, which are carried through into secondary education. There is evidence of an enrolment gatekeeping exercise where poor performers from primary education are being funnelled into vocational streams. These children are further disenfranchised as the quality of teaching and learning in vocational education is significantly lower than in general secondary education (APOS0, 2019).

These challenges for education are reflected in overall public opinion. Some 44% of people are unhappy with how education has prepared them for the economy, while nearly 60% of businesses say they are unable to fill vacancies due to lack of skills among job applicants (RCC, 2020). Overall, the general public consider investment in education a top priority (EBRD, 2016).

▪ **Young people not in employment, education or training**

The numbers of young people (15-29 years) not in education, employment or training (NEET) is continuing to improve, down 6 pp in the last decade (see Table 2). However, Bosnia and Herzegovina's 30% NEET rate in 2020 is well over twice that of the EU (13.7%) and presents as one of the most vulnerable groups in the labour market. With Bosnia and Herzegovina's aim of aligning with the wider EU Youth Guarantee policy (BiH, 2021), addressing the high level of NEETs will require significant policy attention across Bosnia and Herzegovina.

Table 2. Young people in BiH not in employment, education or training (2010-2020)

BiH NEETS 15-29 years	2010	2015	2020	EU2020
Male	33.2%	32.8%	25.9%	12.1%
Female	30.6%	32.4%	22.0%	15.4%
Total	36.0%	33.3%	30.1%	13.7%

Source: BHAS, Labour Force Surveys, ETF, Eurostat & EuroFound.

- **Education during the COVID-19 pandemic**

All education authorities introduced remote learning for schools and universities, with some 99% of pupils and students participating in e-learning. While teachers were largely unprepared for remote learning at the outset of the pandemic, all schools improvised through available infrastructure and know-how as the health crisis deepened. Individual responses from schools, teachers, students and parents point to resilience and agility by many in facing the learning challenges of the health crisis.

The 2020 COVID-19 period nonetheless demonstrated significant digital poverty, particularly in rural areas and underprivileged socio-economic groups, especially the Roma community (OSCE, 2020). Roma account for some 6% of children, the majority of whom do not have access to information and communication technology and the internet. Pre-school education provision was also particularly disrupted, affecting some 82% of pre-school children (UN, 2020).

Over 75% of vocational pupils were immediately impacted by a lack of access to practical classes in 2020, with examinations and certification seriously affected (UN, 2020a).

While efforts to 'normalise' education have been instituted since September 2021, with only 22% of the population fully vaccinated and rising infection rates (WHO, 2021), there is still a risk that the schooling system could be thrust into more disruption. Education budgets should be ring-fenced should the treasuries need to redirect finance to other pressing areas like health. Data for 2020 points to a 1.1% cut in education expenditure (UN, 2020).

2.2 VET policy and institutional setting

- **Strategic and legal framework for VET and adult learning**

Given the decentralised governance arrangements, education legislation is addressed at three levels: a) state-level (framework legislation); b) entity level (Republika Srpska and the Federation of Bosnia and Herzegovina); and c) cantonal level, including Brčko District. Vocational education is addressed within general education. This section addresses state-level education.

A summary of key legal instruments and support tools for education and training is provided in Annex 1. Note that these documents refer only to state-level documents that provide the strategic framework for wider developments across the entities (Federation of Bosnia and Herzegovina, Republika Srpska) and Brčko District, in keeping with the 1995 Dayton governance framework for the country (see below).

While a legal framework allows for a systemisation of education data from across all parts of BiH, fragmentation and weak cooperation frustrate efforts to measure and monitor education inputs and

outcomes, particularly in terms of pupil learning and overall performance of schools (ETF, 2019). While education data is compiled by entity offices and shared at state level with the Agency for Statistics of Bosnia and Herzegovina (BHAS), without pupil- and teacher-specific data, the information gaps do not allow for meaningful analysis (World Bank, 2019).

The Ministry of Civil Affairs has coordinated five framework education laws (see Annex 1). More specifically, for vocational education and training, the 2003 Framework Law on Primary and Secondary Education defines the principles, levels and structure of secondary education. The 2008 Framework Law on Secondary Vocational Education and Training addresses a) the role of social partners and the demands of the economy; b) the autonomy of vocational schools in response to local economic needs; c) the potential for schools' cooperation whilst retaining their autonomous legal status; and d) diversification of the training offer for new target groups (e.g. adults) and the potential for income generation by schools. The VET framework legislation has been adopted or adapted into local legislation in Republika Srpska, seven cantons of the Federation, and in Brčko District (ETF, 2020).

A state-wide education agency (APOSO) coordinates education standards and the development of a common core curricula in pre-school, primary and secondary education, including vocational education.

- **VET governance and financing arrangements**

At state level, the Ministry of Civil Affairs coordinates education areas of common interest to the entities and Brčko. The Ministry has no policy or legislative decision-making powers. It proposes legislation and state-wide strategy to the BiH Council of Ministers. The most recent strategic initiatives of the Ministry of Civil Affairs are a) framework priorities for vocational education and training, and b) a strategy for entrepreneurial learning.

A Conference of Education Ministers provides a forum for exchange on issues common to all education authorities. However, it meets irregularly. Unless the Conference has a defined agenda with regular sittings, an opportunity to promote coherence and synergies across the education systems is missed.

Political commitment to cooperation in education by all education authorities is an essential condition to achieving coherence and synergy. More recent political tensions in late 2021, particularly in respect of interests in the secession of Republika Srpska from Bosnia and Herzegovina, further undermine objectives and efforts for coherence and synergy.

Of total education expenditure, some 48% is allocated to primary education, with 43% and 12% allocated to secondary and tertiary education respectively. At 89%, as noted earlier, the lion's share of the education budget is taken up by personnel costs (teaching, administrative and maintenance staff), compared to 22% in the EU, diverting resources away from areas such as staff development and technology support (World Bank, 2019). This is particularly pertinent given that the costs of vocational education outweigh those of general education (GIZ, 2020). Further, with school enrolment numbers declining and schools closing, an increasing numbers of teachers are questioning the overall efficiency implications for education budgets. In 2018/19, 74% of secondary school teachers were engaged in VET, an increase of 1% from the previous year despite a lower number of enrolments (GIZ, 2019).

Financing of VET by the private sector is voluntary and rare. However, in 2018, the smallest canton, Bosnian-Podrinje, introduced compulsory payments for companies engaged in apprenticeship training, including payments for equipment.

- **Quality and quality assurance**

There are no mechanisms in place to systematically monitor the quality of education inputs, outputs or outcomes (World Bank, 2019). However, the first steps towards a state-wide quality assurance framework for vocational education and training have been taken with a framework proposal developed in 2018, which borrows on the European Quality Assurance framework for VET (EQAVET). As with the Baseline Qualifications Framework, the quality assurance framework proposal is designed to bring the range of education authorities together and to act as a bridge to broader European developments and EU quality assurance networks (ETF, 2019). The proposal includes common data and monitoring by all education authorities (the Federation of Bosnia and Herzegovina, Republika Srpska and Brčko). The BiH education authorities are yet to agree to the proposal.

The shunt into remote learning during the COVID-19 pandemic introduces a further dimension to the quality of education provision in 2020. With strong efforts by the education authorities to maintain education provision during the health crisis (UN, 2020a), it is unclear what the overall impact of the education lockdown will be in terms of quality provision and loss of learning. Work-based learning was particularly affected, as schools and businesses suspended apprenticeships while school-based learning adapted to online provision (UN, 2020b).

A core instrument in the quality assurance drive is Bosnia and Herzegovina's Baseline Qualifications Framework adopted by the Council of Ministers in March 2011. The BiH qualifications framework provides an opportunity to adapt the VET system to better meet the needs of employers.

To date, implementation of the BiH qualifications framework has been partial, with no register of qualifications. Training providers, employers and learners still do not use the framework. Nonetheless, newly developed VET and higher education qualifications are based on learning outcomes and standards. Four qualifications have been formally included in the framework.

The implementation of the Baseline Qualifications Framework is overseen by an intersectoral committee chaired by the Ministry of Civil Affairs. The committee has not met since 2015. When sitting, it should have discussions on sector-specific approaches to qualifications. A further milestone to be met by the BiH authorities is referencing the Baseline Qualifications Framework to the principles and criteria of the wider European Qualifications Framework (EQF).

The validation of non-formal learning is part of the qualifications framework's action plan, but implementation is currently limited.

Moving forward, in addition to state-wide approval of a quality assurance framework, a legal basis for the quality assurance framework will be necessary, as will staff development measures to address the administrative, legal and practical implementation of quality assurance in VET (ETF, 2020). Specifically on qualifications, a priority for BiH will be renewed efforts to finalise its EQF referencing report for submission to the European Commission.

- **Work-based learning arrangements**

Work-based learning is underdeveloped in Bosnia and Herzegovina due to a lack of financing (USAID, 2017). Most activities are donor-supported and are targeted at selected cantons and economic

sectors. These initiatives were particularly affected as schools and businesses suspended apprenticeships with the onset of COVID-19.

There is no specific legislation governing adult work-based learning in Bosnia and Herzegovina. Sarajevo and Bosnian-Podrinje cantons each have draft legislation on dual VET, but these remain to be adopted.

More broadly, the 2008 Framework Law on VET in Bosnia and Herzegovina requires particular efforts to ensure that vocational training is a function of market demands. Overall, commitment to the framework legislation in terms of transposition into law within the education systems has been slow, with three cantons yet to adopt legislation (GIZ, 2020).

Two research findings, in particular, suggest that more policy attention on work-based learning is required. Firstly, a tracer study of graduates of VET programmes underlines how 67% of vocational trainees considered practical training insufficient in their courses (GIZ, 2018). Secondly, some 44% of BiH businesses plan to introduce internship or apprenticeship programmes – the highest interest among business in work-based learning in south-eastern Europe (RCC, 2020b). Both findings warrant a policy response.

Moving forward, Bosnia and Herzegovina's participation in the European Alliance for Apprenticeships (EaFA) will be an important reference point for government, the training community and the private sector. It would allow for policy learning and access to best practices to determine ways and means to build a work-based learning culture between schools, training centres, universities and businesses. Discussions here could feature within upcoming dialogue and planning scheduled by the Ministry of Civil Affairs as part of the wider drive to accommodate the EU's Youth Guarantee policy. Given the EU's 2025 target of at least 60% vocational training graduates having had access to work-based learning, and for bench-marking purposes, system efforts to develop work-based learning should include efforts to establish work-based learning data as an important factor in determining progress.

- **Digital education and skills**

Policy discourse on digital education and digital skills has been generally framed around three areas.

Firstly, with all schools having been shunted into remote learning during the COVID-19 pandemic, policy implications have opened up discussion on a number of fronts, including options for building on digital applications for learning. To this end, the Ministry of Civil Affairs has called for particular investment in, and support for, digital learning. Particular challenges for digital learning developments emanating from the COVID-19 crisis include a) a lack of e-learning platforms and networks that could support online provision, including remote examinations. b) a lack of e-learning and blended learning curricula and teaching capacity; and c) poor capacity among education authorities in conducting quality assurance in remote and hybrid learning (UN, 2020b).

Secondly, in terms of digital access to learning, and as noted above, the evidence points to disproportionate impacts on rural and minority communities, Roma in particular, which were further marginalised and disadvantaged due to a lack of equipment and online access during the COVID-19 lockdown.

Thirdly, while the transposition of the Common Core Curriculum into entity/cantonal curricula has been piecemeal, particularly for subjects of ethno-sensitivity like languages and history (World Bank, 2019), policy interest in digital competences is well developed, with a working document agreed as to ways

forward (MoCA, 2018). Particular emphasis on alignment with the European Digital Competence Framework (DigComp) (European Commission, 2018) provides a basis for the development of policy and reference documents at the different governance levels.

In terms of practice, digital competence is mainly acquired through traditional information and communication technology courses (64 vocational education and training institutions provide options for ICT-related skills), as opposed to being addressed transversally across the curriculum. This is where the DigComp policy and practice will be important. Finance for purchasing, maintaining and upgrading e-learning infrastructure will be an important consideration. By way of example, only 8% of secondary pupils have access to a school computer, while just 7% of schools have an internet connection (ETF, 2020).

- **Donor support to education and VET for young people and adults**

Of the total bilateral and multilateral development assistance for Bosnia and Herzegovina in 2020 (EUR 1 123.27m), some 4% (€EUR 45m) was dedicated to education, employment and social support (BiH, 2020a). The breakdown of this assistance was EUR 35m in grants and EUR 15m in loans. Coordination of external support is handled by the Ministry of Civil Affairs. Austria, Germany and Switzerland provide especially strong support for VET reforms.

3. LABOUR MARKET AND EMPLOYMENT

3.1 Trends and challenges

- **Labour market and employment challenges in general**

After an initial spur of growth between 2015 and 2018, Bosnia and Herzegovina witnessed a significant economic slump, with GDP nose-diving from 3.7% in 2018 to -4.3% in 2020 (World Bank, 2021a). The economic turndown was paralleled with a rise in unemployment, which had already been on a downward trend since 2018.¹ Unemployment in 2020 stood at 16%, but preliminary data for 2021 points to a steep increase in registered unemployment. This is up more than 2 percentage points in Q2-2021 to 18.1% compared to the same period in Q1-2020 (European Commission, 2021b). This rise in unemployment most likely reflects the effect of the COVID-19 crisis on the economy, despite furlough schemes introduced in the early phase of the pandemic. The trend mirrors the overall rise in unemployment rates across Europe's transition economies following the onset of the pandemic (Tverdostup & Alexandra Bykova, 2021).

The above data reflects business surveys, which highlight labour cost-cutting plans such as wage reductions and layoffs. For example, 2020 survey data points to 28% of businesses having to suspend their operations, with contract terminations affecting just under 10 500 workers, primarily in the manufacturing, hospitality and service sectors. Women accounted for 40% of workers laid off (Bandić & Markus, 2021).

Although employment rates dropped from 2.5% in 2019 to -1.3% in 2020, data for the second quarter of 2021 shows an improving picture at 1.1% (European Commission, 2021b).

- **Employment**

At 52.5% in 2020, the employment rate for 20-64 year-olds in Bosnia and Herzegovina (BHAS) falls well behind the EU's 72.4%, and very far from the EU's 2030 benchmark of 78%. While BiH's female employment rate has additionally been demonstrating a positive trend, only 4 out of 10 BiH women are in employment, compared to nearly 7 in 10 in the EU. The overall impact of the COVID-19 crisis on employment was lessened by wage-subsidy programmes and other policy measures to keep businesses, particularly in key economic sectors, afloat, and in so doing, preventing job losses (World Bank, 2021b).

¹ The Agency for Statistics of Bosnia and Herzegovina updated its Labour Market Survey methodology in 2020 to comply with the standards of the Eurostat. While comparisons are made in this paper between 2020 and earlier years, this change in methodology should be noted in any final assessment of the comparative data.

Table 3. Comparative labour market data (BiH-EU)

KEY LABOUR MARKET DATA*	BiH		EU	
	2015	2020	2015	2020
Employment rate (20-64 age group)	43.2	52.5	69.1	72.4
Employment rate: women (20-64 years)	32.4	40.0	63.2	66.7
Employment rate: men (20-64 years)	53.9	64.9	74.9	78.0
Unemployment	27.7	15.9	10.1	7.1
Long-term unemployment	22.6	n/a*	43.5	2.4
Youth unemployment	62.3	36.6	21.7	16.8
Women's unemployment	30.7	18.5	9.5	7.4
Men's unemployment	25.8	14.1	9.4	6.8
Activity rate	44.1	47.7	77.3	56.8
Activity rate: men	55.1	59.2	69.4	63.2
Activity rate: women	33.5	36.7	57.6	50.8
NEETs	28.1	25.9	16.6	13.7

*Age ranges of variables are available in Annex 1.

Source: Eurostat, European Commission, World Bank, ETF, Agency for Statistics of BiH.

At just under 48%, the 2020 activity rate for Bosnia and Herzegovina is well behind the EU's 57%. While the women's activity rate falls well below those for men in both the EU and BiH, the difference in activity rates between the sexes is particularly more pronounced in Bosnia and Herzegovina (22.5 pp) than in the EU (12.4 pp). This high share of inactivity among women in Bosnia and Herzegovina is most likely due to cultural factors, with women committed to child-rearing and elderly care, as well as insufficient availability of flexible working arrangements such as telework and flexitime. With many BiH businesses and public services in particular (which employ a substantial part of the female workforce) having been forced into remote working as a consequence of the COVID-19 crisis, the question remains as to the likelihood of such working practices being eventually mainstreamed – and with that, the potential positive implications for women in the labour market.

A particular feature of BiH's employed population is 'over-education' – those holding jobs for which the modal value of job/occupation distribution in their country is typically below their level of education (ETF, 2021a). This underscores a skills mismatch and wider concerns as to underuse or wastage of available human capital.

The employment authorities in BiH would do well to track inactivity rates as COVID-19 continues (see earlier data on rising infection rates and poor vaccination rates). Labour market trends from earlier crises show that inactivity rises faster than unemployment, with young people and older workers at

higher risk of becoming inactive (WEF, 2020a). A rise in inactivity rates in BiH is likely to make job recovery more difficult.

▪ Unemployment

While unemployment dropped 11.8 percentage points between 2015 and 2020, at just under 16% it is well over twice the EU unemployment rate. Apart from weaknesses in the economy that impact on the labour market, the high levels of unemployment also reflect high social security contributions of low-income earners. This acts as a disincentive to work and results in businesses engaging staff informally.

In 2020, women's unemployment (18.5%) for the 15+ age group was well over 4 percentage points higher than their male counterparts (14.1%). This is likely impacted by a) low enrolment in early childhood education, and b) weak provision of elderly care, both of which contribute to the low employment levels of women, who predominantly assume the role of family care (ETF, 2019).

Youth unemployment fell by almost 26% between 2015 and 2020. This reflected an improving economy, demographic changes and emigration. However, a rise of 3 percentage points between 2019 and 2020 bucked the downward trend with significant stress in the labour market associated with the COVID-19 business climate. One in three young people in Bosnia and Herzegovina are unemployed (ETF, 2021b). Until health conditions improve, the COVID-19 economy threatens to undo the progress made on youth employment in previous years and to increase social and economic 'scarring' effects (e.g. lower wages, poorer health outcomes), particularly for young people (Grzegorzczak & Wolff, 2020).

Overall, youth unemployment in Bosnia and Herzegovina (36.6%, 2020 data) remains well over twice that of the European Union average (16.8%), although it is lower than Spain, which recorded the highest youth unemployment rate in the EU, at 39.4%. Furthermore, young women in Bosnia and Herzegovina were more likely to be unemployed than their male counterparts (42.8% to 32.5%) with an almost 5% hike since 2019 (male increase: 1.5%). This underlines how the COVID-19 crisis is particularly affecting young women.

Data for long-term unemployment in 2020 is unavailable, but is estimated to be around three-quarters of the total unemployed population. One likely result of the COVID-19 crisis will be a rise in long-term unemployment as those already out of work during the crisis will pass into the long-term unemployed category. Labour market participation rates may also be negatively affected as those seeking work become discouraged.

Informal employment is estimated at 31% (ILO, 2019). High levels of taxation, including for those on low incomes, disincentivise formal employment and generate the risk of further marginalisation from mainstream employment (ETF, 2019). Moreover, informal businesses and their staff are more likely to be severely affected by the COVID-19 crisis as they have not been covered by government-supported business and employment schemes.

In conclusion, low activity and high unemployment continue to highlight significant underutilisation of human resources in Bosnia and Herzegovina (ETF, 2020). This in turn impedes economic growth and will be a contributory factor to outward migration (Efendic, 2021). While figures point to a slow economic recovery associated with a gradual reopening of the economy (World Bank, 2021b), improvements to the economy and jobs remain vulnerable to potential recurrences of COVID-19 outbreaks and associated lockdown measures.

- **Poverty**

An estimated 20% of people in Bosnia and Herzegovina are considered to be living in poverty, with a further 50% of people vulnerable to becoming poor. Key factors behind the high poverty figures are an underperforming post-conflict economy, unemployment and job insecurity, and a poor education system, which singularly and together reinforce economic exclusion. Poverty is particularly pronounced in rural areas (19%) compared to those living in urban areas (9%), and particularly affects children in large families (Cline, 2018).

Some 20 years on, the war still impacts on significant groups, with poverty levels higher for internally displaced people and minority groups. Poverty levels are higher for IDPs and other minorities.

Emigration is a key factor in BiH's poverty, with many leaving the country to ensure that remittances are relayed back home to keep families afloat. Estimates put the diaspora at over half of the total population (Efendic, 2021). Some 10% of GDP is accounted for by remittances, but levels of remittances have dropped since the onset of the COVID-19 crisis, bringing extra hardship to dependant families (IOM, 2020).

Meanwhile, complex governance arrangements for social security across the country add further frustration to the targeting of social spending, while poor data makes it difficult to improve the targeting of social security payments (BiH, 2021a).

3.2 Employment policy and institutional setting

- **Strategy and legal framework in the employment policy field**

Responsibility for employment policy lies with each of the two entities. In September 2021, the House of Representatives of the Federation of Bosnia and Herzegovina adopted an Employment Strategy (2021-2027). Meanwhile, a draft employment strategy by Republika Srpska, also for the period 2021-2027, underwent a consultation exercise in September 2021. The strategy was expected to be adopted in November 2021. Both entities have committed to drawing up a state-wide employment strategy (BiH, 2021). There remains a risk, nonetheless, that achieving a state-wide employment strategy could be frustrated due to political backtracking on original plans.

A range of public institutions support employment developments in BiH reflecting the complex governance arrangements, from state to entity (region) to local (canton) levels. Diagram 1 provides an organisational chart of the employment institutions. Box 1 provides a breakdown of governance responsibilities.

Across the whole employment support system, some 800 staff provide services to approximately 400 000 registered unemployed people. The lion's share of resources is allocated to administration of social payments. The result is that the public employment service is considered more a 'social benefits agency' than an active employment support organisation. This bears out in the staff allocation data, with an estimated 70% of staff time deployed on health and social benefit administration, with the remaining staff engaged in employment support (Bandić & Markus, 2021).

- **Initiatives to boost employment**

Employment subsidies and entrepreneurship support comprise the lion's share of active labour market support across Bosnia and Herzegovina. Prior to the pandemic, employment subsidies made up 62% of active employment support in the Federation, compared to 33% in Republika Srpska (Bandić &

Markus, 2021). The remaining budget targets primarily self-employment measures. Wider employment mediation and reskilling services remain underdeveloped. Recent legislative reforms in Republika Srpska ensure that public employment services focus solely on employment mediation. This should allow for better targeting of resources towards active labour market measures.

COVID-19-driven demands to finance unemployment benefits are likely to delay reforms towards more active employment measures. Republika Srpska, in particular, has ruled out financial support for

Box 1. Breakdown of governance responsibilities in the BiH employment sector

State level

- The Ministry of Civil Affairs is charged with coordinating employment policies developed by the entities and Brčko District and liaising with the international community.
- The Labour and Employment Agency monitors international employment standards across the entity and Brčko employment institutes, as well as analysing employment developments across BiH, resulting in employment guidelines for submission to the Ministry of Civil Affairs for onward approval by the state-level Council of Ministers.

Entity Level

- Both the Federation and Republika Srpska have dedicated labour ministries responsible for employment legislation, strategy and financing of employment support measures, as well as overseeing the implementation of these measures. This service is also provided by the Brčko District Government.
- Operationalisation of the entity employment strategies is the responsibility of employment institutes in the each of the entities and the public employment service of Brčko.

Cantonal level

- Within the Federation of Bosnia and Herzegovina, each of the 10 cantons' labour ministries enact legislation, while the financing of active employment measures is administered by the Labour and Employment Agency. Meanwhile, the cantonal employment services implement active employment measures (Oruc, 2018).

active employment measures between 2021 and 2023 (BiH, 2021).

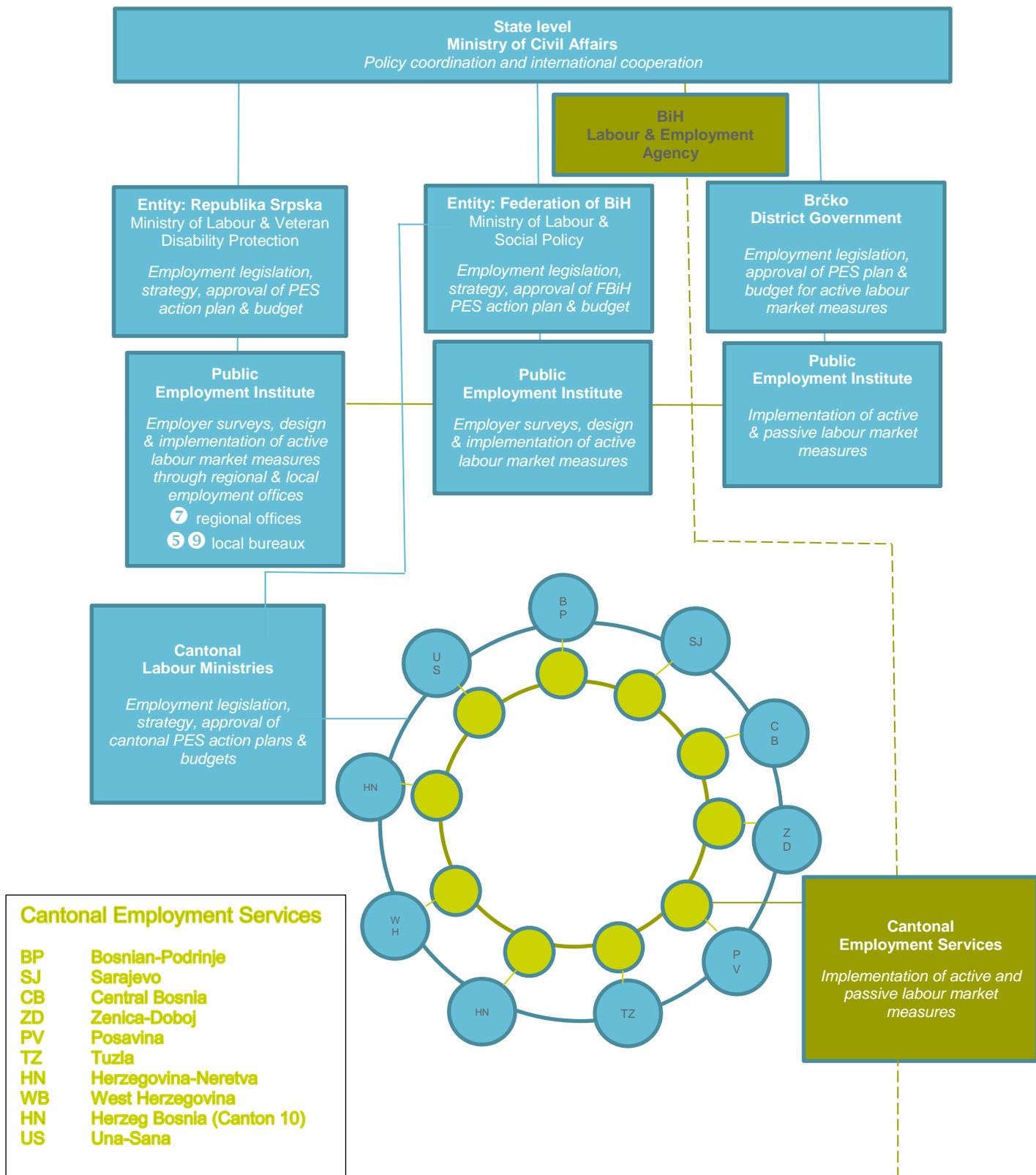
Both entities and state-level authorities have indicated willingness to adopt the EU's Youth Guarantee scheme. This aims to ensure that all young people up to 30 years of age have access to employment, further education, training or apprenticeships within 4 months of becoming unemployed or leaving education (European Employment Council, 2020). A requirement for BiH's engagement within the wider European Youth Guarantee scheme is firstly that state-wide priorities are in place (see above), and secondly that a state-wide implementation plan is agreed. These areas require cooperation across and between all governance levels.

Drawing up an implementation plan and performing the activities therein will require significant policy and practitioner cooperation across BiH in the range of fields covered by the Youth Guarantee, including education and training. A second issue will be the need for an enhanced evidence base on young people's education, training and employment to support the design, monitoring and evaluation of the implementation plan. Cross-entity coordinating mechanisms will be required. This will take time and political will.

While EU financial support through its IPA III package to develop Youth Guarantee initiatives may act as a potential lever for engagement, domestic financial contributions will be important to the overall sustainability of Youth Guarantee developments. It should be noted that employment services in BiH are financed by a) unemployment insurance contributions and b) public authority budgetary grants,

which both finance active labour market measures and meet financing deficits for passive employment measures.

Diagram 1. Employment institutions in Bosnia and Herzegovina



▪ **Initiatives to increase the capacity of the public employment services**

Three factors undermine the development and capacity of the public employment service ecosystem in Bosnia and Herzegovina.

First, and as already addressed above, resources of the public employment services are for the most part absorbed with the administration of unemployment and other social benefits, as opposed to focusing directly on active employment measures. The entire public employment service network will need to be remodelled to address this policy dichotomy.

Second, the complex governance arrangements have stalled efforts in building coherence across the employment service network in terms of strategy, design and delivery of services. There is no cooperation between the public employment services of the different entities in terms of knowledge and know-how exchange.

Third, while the system-based fragmentation inevitably generates inefficiencies across the entire public employment service network, limited public finance within the constituent parts of Bosnia and Herzegovina essentially compromise quality and availability of services, particularly the provision of active employment measures.

Nonetheless, an important policy step to bring forward employment developments was the adoption by the BiH Council of Ministers of a plan and guidelines for labour market policies and active employment measures in 2020. The plan particularly focuses on improvements to services within the public employment service network. The guidelines work towards strengthening the role of the public employment services, implementing active labour market reforms and improving labour market efficiency (BiH, 2020).

Efforts to modernise and remodel the public employment services have been taken on board by international partners. Set against the challenges of political coordination on employment policy and services, the European Commission's support, in cooperation with the ILO, for local employment partnerships has generated alternative and innovative models for cooperation. The emphasis has been specifically on building locally based capacity in public employment services to promote employment generation. In cooperation with municipalities, training organisations and local businesses, selected sectors (e.g. agriculture, textiles, tourism) are being targeted.

More recent EU support for the public employment services focuses on strategy and planning, data-collection improvements and building a training coordinator network. Staff across the public employment service network are being trained on labour market analyses, private sector engagement and the design and evaluation of active labour market measures. At a more strategic level, issues and options for borrowing on the EU's Open Method of Coordination on employment developments are also being addressed, and in particular, employment monitoring and annual reporting arrangements to the European Commission through the BiH Economic Reform Programme. This initiative mirrors the EU Member States' monitoring and reporting arrangements to the European Commission as part of the 'semester' process.

▪ **Donor support to the employment policy field**

Recent and ongoing support actions for employment development in Bosnia and Herzegovina include:

- European Commission (2020-2023): employment policy and strategy building at Brčko, entity and state levels with capacity building of the public employment service network (see above);

- European Training Foundation (2020): case study (Flanders, Belgium) as an employment policy learning reference for highly decentralised governance and reporting arrangements to the European Commission;
- ILO and Regional Cooperation Council (2020-2021): roadmap to address formalisation of the illicit employment, social dialogue and monitoring and evaluating labour market policies. This action is supported by the EU.
- KfW is supporting 3 business and vocational training partnerships in 2021 with further opportunities for vocational training organisations to join a regional drive to build more innovative relationships with the business community with additional financial resources in 2022.

4. MOVING FORWARD

At various points in the above text, recommendations are made relating to specific policy and practice areas of education, training and employment. These are complimented by the following four systemic recommendations:

- work towards a more cohesive quality-improvement plan for primary, secondary and vocational education, including continued participation in international benchmarking initiatives (e.g. PISA);
- stocktake and evaluate the COVID-19-driven emergency digital learning developments and conduct forward planning to systematise and build on best practices;
- adopt state-wide employment priorities and agree on a common package of active employment measures (e.g. apprenticeships, training, career guidance) defined within a Youth Guarantee Implementation Plan, to include a set of state-wide indicators for monitoring and reporting purposes;
- with EU Youth Guarantee developments as a reference, build coherence and synergies across education, training and employment policies and practice, to include a cohesive reporting mechanism as inputs to the annual Economic Reform Programme.

For further information, please contact Anthony Gribben, European Training Foundation, email: Anthony.Gribben@etf.europa.eu

ANNEX 1: STATISTICAL ANNEX, BOSNIA AND HERZEGOVINA

This annex includes annual data from 2010, 2015, 2019, and 2020 or the latest available year. Please note that, from 2020 onwards, labour force surveys (LFS) are conducted on a quarterly basis, leading to a break in series compared to data from previous years.

	Indicator	2010	2015	2019	2020 ^{b*}	
1	Total population (000s) ⁽¹⁾	3 705.5	3 429.4	3 301.0	3 280.8	
2	Relative size of youth population (age group 15-24 and age in the denominator 15-64, %) ^{c (1)}	20.3	18.2	17.4	17.2	
3	GDP growth rate (%)	0.9	3.1	2.8	-4.3	
4	GDP by sector (%)	Agriculture added value	6.8	6.2	6.1	6.2
		Industry added value	22.5	22.6	24.0	23.9
		Services added value	55.5	56.2	55.7	M.D.
5	Public expenditure on education (as % of GDP) ⁽¹⁾	M.D.	M.D.	M.D.	M.D.	
6	Public expenditure on education (as % of total public expenditure) ⁽¹⁾	M.D.	M.D.	M.D.	M.D.	
7	Adult literacy (%)	98.1 ^e (2011)	97.0 (2013)	M.D.	M.D.	
8	Educational attainment of adult population (aged 25-64 or 15+) (%) ⁽²⁾	Low ⁽³⁾	20.5	17.7	15.8	12.1
		Medium ⁽⁴⁾	66.2	66.7	68.9	68.1
		High ⁽⁵⁾	13.3	15.6	15.3	19.8
9	Early leavers from education and training (aged 18-24) (%)	Total	7.9	5.2	3.8 ⁽⁶⁾	4.7
		Male	7.7	4.8	4.0 ⁽⁶⁾	4.8 ⁽⁶⁾
		Female	8.1	5.6	3.5 ⁽⁶⁾	4.6 ⁽⁶⁾
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	M.D.	M.D.	82.2	M.D.	
11	Share of VET students in upper secondary education (ISCED level 3) (%)	74.5	74.2	77.2	M.D.	
12	Tertiary education attainment (aged 30-34) (%)	11.8	17.2	M.D.	M.D.	
13	Participation in training/lifelong	Total	2.8	2.3	1.8	3.3
		Male	2.9	2.1	1.7 ⁽⁶⁾	3.2

	learning (age group 25-64) by sex (%)	Female	2.6	2.4	1.9 ⁽⁶⁾	3.3
	Participation in training/lifelong learning (age group 25-64) by education (%)	Low ⁽³⁾	0.1 ⁽⁶⁾	0.4 ⁽⁶⁾	0.1 ⁽⁶⁾	1.0
		Medium ⁽⁴⁾	3.2	2.4	2.0	2.9
		High ⁽⁵⁾	9.0	6.0 ⁽⁶⁾	4.7 ⁽⁶⁾	7.9
	Participation in training/lifelong learning (age group 25-64) by working status (%)	Inactive	2.9	2.7	2.4 ⁽⁶⁾	3.3
		Employed	3.0	1.8 ⁽⁶⁾	1.2 ⁽⁶⁾	3.3
		Unemployed	1.7 ⁽⁶⁾	2.4 ⁽⁶⁾	2.7 ⁽⁶⁾	2.8
14	Low achievement in reading, mathematics and science – PISA (%)	Reading	N.A.	N.A.	53.7 (2018)	N.A.
		Mathematics	N.A.	N.A.	57.6 (2018)	N.A.
		Science	N.A.	N.A.	56.8 (2018)	N.A.
15	Activity rate (aged 15+) (%)	Total	44.6	44.1	42.1	47.7
		Male	56.7	55.1	51.7	59.2
		Female	33.2	33.5	32.9	36.7
16	Inactivity rate (aged 15+) (%)	Total	55.4	55.9	57.9	52.3
		Male	43.3	44.9	48.3	40.8
		Female	66.8	66.5	67.1	63.3
17	Employment rate (aged 15+) (%)	Total	32.5	31.9	35.5	40.1
		Male	43.2	40.9	44.6	50.9
		Female	23.7	23.3	26.7	29.9
18	Employment rate by educational attainment (% aged 15+%)	Low ⁽³⁾	15.4	14.4	15.7	15.2
		Medium ⁽⁴⁾	42.5	40.3	44.6	47.8
		High ⁽⁵⁾	60.9	59.3	59.3	66.8
19	Employment by sector (aged 15+) (%)	Agriculture	19.7	17.9	18.0	12.0
		Industry	31.0	29.5	31.7	33.4
		Services	49.3	52.6	50.3	54.7
20	Incidence of self-employment (aged 15+) (%)		26.5	24.2	24.9	18.4
21	Incidence of vulnerable employment (aged 15+) (%)		21.6	20.2	19.1	12.7
22	Unemployment rate (aged 15+) (%)	Total	27.2	27.7	15.7	15.9
		Male	25.6	25.8	13.6	14.1
		Female	29.9	30.7	18.8	18.5

23	Unemployment rate by educational attainment (aged 15+) (%)	Low ⁽³⁾	28.0	27.3	14.1	18.3
		Medium ⁽⁴⁾	29.3	30.0	16.9	16.5
		High ⁽⁵⁾	15.6	18.4	12.0	12.0
24	Long-term unemployment rate (aged 15+) (%)		22.3 ^c	22.6 ^c	M.D.	M.D.
25	Youth unemployment rate (aged 15-24) (%)	Total	57.5	62.3	33.8	36.6
		Male	55.1	59.5	31.3	32.5
		Female	61.3	67.3	37.9	42.8
26	Proportion of people aged 15-24 not in employment, education or training (NEETs) (%)	Total	28.0	27.7	21.0	21.6
		Male	28.1	29.2	20.7	20.3
		Female	28.0	26.0	21.4	23.0

Last update: September 2021

Sources:

Indicators 8, 9, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 – BHAS

Indicators 14 – OECD

Indicators 7, 10, 11 – UNESCO, Institute for Statistics

Indicators 1, 2, 3, 4 – The World Bank, World Development Indicators database

Notes:

* Since 2020, the LFS has been conducted on a quarterly basis, leading to a break in series compared to data from previous years.

(1) Mid-year estimates.

(2) Active population.

(3) Low – primary and basic general education.

(4) Medium – general secondary and vocational-technical education.

(5) High – secondary special and higher education.

(6) Unreliable data.

Legend:

e = estimated

b= break in series

c = calculated

u = unreliable

N.A. = not applicable

M.D. = missing data

ANNEX 2: DEFINITIONS OF INDICATORS

	Description	Definition
1	Total population (000s)	The total population is estimated as the number of people having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, countries may report legal or registered residents.
2	Relative size of youth population (age group 15-24) (%)	This is the ratio of the youth population (aged 15-24) to the working-age population, usually aged 15-64 (74)/15+.
3	GDP growth rate (%)	Annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2010 US dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.
4	GDP by sector (%)	The share of value added from agriculture, industry and services. Agriculture corresponds to ISIC divisions 1-5 and includes forestry, hunting, and fishing, as well as crop cultivation and livestock production. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources. The origin of value added is determined by the International Standard Industrial Classification (ISIC), revision 3 or 4.
5	Public expenditure on education (as % of GDP)	Public expenditure on education expressed as a percentage of GDP. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans and by transferring public subsidies for educational activities to private firms or non-profit organisations (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.
6	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a percentage of total public expenditure. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans and by transferring public subsidies for educational activities to private firms or non-profit organisations (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.
7	Adult literacy (%)	Adult literacy is the percentage of the population aged 15 years and over who can read, write and understand a short simple statement on their everyday life. Generally, 'literacy' also encompasses 'numeracy' – the ability to make simple arithmetic calculations.

	Description	Definition
8	Educational attainment of adult population (25-64 or aged 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group. This is usually measured in terms of the highest educational programme successfully completed, which is typically certified by a recognised qualification. Recognised intermediate qualifications are classified at a lower level than the programme itself.
9	Early leavers from education and training (age group 18-24) (%)	Early leavers from education and training are defined as the percentage of the population aged 18-24 with at most lower secondary education who were not in further education or training during the 4 weeks preceding the survey. Lower secondary education refers to ISCED 1997 levels 0-2 and 3C short (i.e. programmes lasting under 2 years) for data up to 2013 and to ISCED 2011 levels 0-2 for data from 2014 onwards.
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
11	Share of VET students in upper secondary education (ISCED level 3) (%)	Total number of students enrolled in vocational programmes at a given level of education (in this case, upper secondary), expressed as a percentage of the total number of students enrolled in all programmes (vocational and general) at that level.
12	Tertiary education attainment (aged 30-34) (%)	Tertiary attainment is calculated as the percentage of the population aged 30-34 who have successfully completed tertiary studies (e.g. university, higher technical institution). Educational attainment refers to ISCED 1997 level 5-6 up to 2013 and ISCED 2011 level 5-8 from 2014 onwards.
13	Participation in training/lifelong learning (age group 25-64) (%)	Participants in lifelong learning refers to persons aged 25-64 who stated that they received education or training in the 4 weeks preceding the survey (numerator). The denominator is the total population of the same age group, excluding those who did not answer the question on participation in education and training. The information collected relates to all education or training, whether or not it is relevant to the respondent's current or possible future job. If a different reference period is used, this should be indicated.
14	Low achievement in reading, maths and science – PISA (%)	Low achievers are the 15-year-olds who are failing to reach level 2 on the PISA scale for reading, mathematics and science.
15	Activity rate (aged 15+) (%)	The activity rate is calculated by dividing the active population by the population of the same age group. The active population (also called 'labour force') is defined as the sum of employed and unemployed people. The inactive population consists of all people who are classified as neither employed nor unemployed.
16	Inactivity rate (aged 15+) (%)	The inactivity/out-of-the-labour-force rate is calculated by dividing the inactive population by the population of the same age group. The inactive population consists of all people who are classified as neither employed nor unemployed.
17	Employment rate (aged 15+) (%)	The employment rate is calculated by dividing the number of employed people by the population of the same age group. Employed people are all people who worked at least 1 hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated.
18	Employment rate by educational attainment (% aged 15+)	The employment rate is calculated by dividing the number of employed persons by the population of the same age group.

	Description	Definition
		<p>Employed persons are all persons who worked at least 1 hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated.</p> <p>Educational levels refer to the highest educational level successfully completed. Three levels are considered: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5-6, and ISCED 2011 level 5-8).</p>
19	Employment by sector (%)	This indicator provides information on the relative importance of different economic activities with regard to employment. Data is presented by broad branches of economic activity (i.e. agriculture/industry/services) based on the International Standard Industrial Classification of All Economic Activities (ISIC). In Europe, the NACE classification is consistent with ISIC.
20	Incidence of self-employment (%)	The incidence of self-employment is expressed by the self-employed population (i.e. employers + own-account workers + contributing family workers) as a proportion of the total employed population.
21	Incidence of vulnerable employment (%)	The incidence of vulnerable employment is expressed by own-account workers and contributing family workers as a proportion of the total employed population.
22	Unemployment rate (aged 15+) (%)	The unemployment rate represents unemployed people as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed people comprise those aged 15-64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the 2 weeks following the reference week); are actively seeking work, i.e. had taken specific steps in the 4-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, 3 months).
23	Unemployment rate by educational attainment (aged 15+) (%)	The unemployment rate represents unemployed people as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed people comprise those aged 15-64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the 2 weeks following the reference week); are actively seeking work (had taken specific steps in the 4-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, 3 months). Educational levels refer to the highest educational level successfully completed. Three levels are considered: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5-6, and ISCED 2011 level 5-8).
24	Long-term unemployment rate (aged 15+) (%)	The long-term unemployment rate is the share of people in the total active population who have been unemployed for 12 months or more, expressed as a percentage. The duration of unemployment is defined as the duration of a search for a job or as the period of time since the last job was held (if this period is shorter than the duration of the search for a job).
25	Youth unemployment rate (aged 15-24) (%)	The youth unemployment ratio is calculated by dividing the number of unemployed people aged 15-24 by the total population of the same age group.

	Description	Definition
26	Proportion of people aged 15-24 not in employment, education or training (NEETs) (%)	The indicator provides information on young people aged 15-24 who meet the following two conditions: first, they are not employed (i.e. unemployed or inactive according to the ILO definition); and second, they have not received any education or training in the 4 weeks preceding the survey. Data is expressed as a percentage of the total population of the same age group and gender, excluding the respondents who have not answered the question on participation in education and training.

ANNEX 3: BIH EDUCATION AND EMPLOYMENT LEGISLATION

Key state-level legislation and strategies in education and employment

Year	Legislative/strategic instruments
2003	Framework Law on Primary and Secondary Education
2007	Framework Law on Pre-school Education
2007	Law on the Agency for Pre-Primary, Primary and Secondary Education
2007	Framework Law on Pre-school Care and Education
2007	Framework Law on Higher Education
2008	Framework Law on Secondary Vocational Education and Training
2008	Strategic Directions for the Development of Education in Bosnia and Herzegovina (2008-2015)
2011	Baseline Qualifications Framework in Bosnia and Herzegovina
2011	Action Plan for the Establishment and Implementation of Qualifications Framework in BiH (2014-2020)
2013	Strategy for the Development of Vocational Education and Training in Bosnia and Herzegovina (2013-2017)
2014	Common Core Curriculum
2020	Priorities for entrepreneurial learning and entrepreneurship key competence in BiH (2021-2030).
2021	Improvement of Quality and Relevance of vocational education and training in BiH 2021-2030 (Framework priorities)

Key state-level employment legislation and strategies

Year	Legislative/strategic instruments
2003	Law on the Labour and Employment Agency of Bosnia and Herzegovina
2004	Labour Law in the Institutions of Bosnia and Herzegovina
2020	Plan on the Guidelines for Labour Market Policies and Active Employment Measures in BiH
2021	BiH Strategic Priorities for Employment

**Discussions on the development of state-wide priorities for employment are expected to begin in 2021 following the adoption of entity employment strategies (Federation of Bosnia and Herzegovina and Republika Srpska).*

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LIST OF ABBREVIATIONS

APOSO	Agency for Pre-Primary, Primary and Secondary Education
BHAS	Agency for Statistics of Bosnia and Herzegovina
BiH	Bosnia and Herzegovina
CCEQ	EU Candidate Countries' & Potential Candidates' Economic Quarterly
COVID-19	Coronavirus pandemic
DigComp	European Digital Competence Framework
EBRD	European Bank for Reconstruction and Development
ETF	European Training Foundation
EQAVET	European Quality Assurance in Vocational Education and Training
EU	European Union
Eurofound	European Foundation for the Improvement of Living and Working Conditions
Eurostat	European Union Statistical Office
FBiH	Federation of Bosnia and Herzegovina
GDP	Gross domestic product
GIZ	German Agency for International Cooperation
ICT	Information and communication technology
IDP	Internally displaced persons
ILO	International Labour Organization
IOM	International Organization for Migration
IPA	EU Instrument for Pre-accession Assistance
KfW	KfW Entwicklungsbank GmbH (German development bank)
MoCA	Ministry of Civil Affairs
NEET	Not in education, employment or training
OECD	Organisation for Economic Co-operation and Development
OSCE	Organization for Security and Co-operation in Europe
PES	Public employment service

PISA	Programme for International Student Assessment
Q1, Q2	First quarter, second quarter
RCC	Regional Cooperation Council
RS	Republika Srpska
VET	Vocational education and training
UN	United Nations
USAID	United States Agency for International Development
WFD	Westminster Foundation for Democracy
WHO	World Health Organization
WEF	World Economic Forum

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