

# COUNTRY STRATEGY PAPER 2020 UPDATE: BOSNIA AND HERZEGOVINA

# SUMMARY OF KEY DEVELOPMENTS IN VET AND SKILLS AND EU AND DONOR COOPERATION DURING 2018–19

At just over 19%, unemployment continued to be a critical issue for Bosnia and Herzegovina in 2018 despite a gradual downward trend in recent years attributed to declining labour force participation as people emigrated or stopped looking for work. The female unemployment rate (21.5%) continues to outpace the male unemployment rate (19.2%), while youth unemployment remains stubbornly high at 23%. Long-term unemployment (those out of work for 12 months or more) rose to 81% between 2017 and 2018<sup>1</sup>.

Job generation is localised and low worker mobility limits the allocation of labour resources to emerging needs. A high rate of joblessness among young people remains the country's defining characteristic. Rigid rules on social protection benefits (e.g. an obligation to register with the public employment services) continue to burden employment agencies, limiting the capacity and scope of activation measures.

Bosnia and Herzegovina's application for EU membership was submitted on 15 February 2016. In 2018, Bosnia and Herzegovina applied for EU candidate status. On 18 June 2019, the EU General Affairs Council underlined concerns raised by the European Commission on Bosnia and Herzegovina's EU candidacy application. It held off on taking a decision until a later date, stressing political stalemate and poor coordination across the various entities, which hampers progress in economic reform.

The EU is the country's largest single donor, making significant contributions to education and training reform and labour market improvements. Recently, it has also focused on major projects in the VET sector that address teachers, curricula, occupational standards and qualifications. In the period between 2018 and 2020, the approach will reflect a stronger labour market orientation and greater support for employability.

Since 2017, the European Commission has shifted its main form of employment assistance towards sector budget support. The budget support programme for 2019 and beyond depends on the endorsement of a state-wide employment strategy where cooperation between entities remains stifled.

Active donors in skills development include GIZ, Swiss Development, the World Bank and KulturKontakt (an Austrian competence and resource centre). In 2019, the ETF joined forces with all key donors to elaborate a set of commonly agreed policy messages on VET to ensure a consistent message is communicated to the range of authorities working in the VET sector.

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<sup>1</sup> All data drawn from the Bosnia and Herzegovina 2018 Labour Force Survey.

# AN ASSESSMENT OF MID-TERM PROGRESS TOWARDS THE ETF'S 2020 OBJECTIVES

The ETF's country strategy paper for 2017–20 identified four priorities: supporting development of the Bosnia and Herzegovina qualifications framework and its referencing against the European Qualifications Framework (EQF); enhancing labour market efficiency by improving skills identification and the use of EU employment policy trends (e.g. youth guarantee programmes); lending support to the European Commission and the Torino Process; and bolstering entrepreneurial learning.

In 2018, the ETF gave technical support to employment agencies to review their employer survey practices. This included a preliminary assessment of methodological requirements and an examination of the feasibility of moving towards a medium- to long-term labour market outlook. Based on the findings, the approach is feasible from a technical standpoint, provided that interinstitutional cooperation is expanded and the necessary research and analytical capability can be ensured in public institutions.

Between 2016 and 2018, Bosnia and Herzegovina drafted an EQF referencing report. However, it is unlikely to be submitted to the EQF Advisory Group before 2020. More time is needed to reach agreement among all educational authorities.

Good progress has been made on entrepreneurial learning. Entrepreneurship as a key competence was addressed through a state-wide priorities paper in 2018 (which also included digital skills as a key competence). A second state-wide paper on entrepreneurial learning was elaborated in 2019. The litmus test for both documents will be endorsement by all education ministers. This will remain unclear until governments have been formed and ministerial portfolios have been assigned.

Bosnia and Herzegovina continues to cooperate in key EU policy monitoring mechanisms, including the annual Economic Reform Programme, an assessment of progress on the Small Business Act for Europe published in May 2019, and a wider human capital development assessment published through the Torino Process. Meanwhile, a further major milestone for the country will be the publication of its first PISA assessment, due in late 2019.

## ACTIONS PLANNED FOR 2020

The priorities of the country strategy paper, apart from continuing professional development, remain relevant.

### Specific objective 1: Support EU external assistance and bilateral policy dialogue

The European Commission is expected to require the ETF to monitor progress closely and provide evidence to back critical assessments of developments (e.g. policies, institutions, bottlenecks).

At the request of the EU Delegation to Bosnia and Herzegovina, the ETF will remain available to provide technical support under the Instrument for Pre-accession Assistance (IPA II) for human capital development.

The ETF will provide support to the EU-Bosnia and Herzegovina bilateral policy dialogue:

- inputs and progress reporting (vocational training and employment) to the Stabilisation and Association Agreement (SAA I) subcommittee
- an annual assessment of the Bosnia and Herzegovina Economic Reform Programme (Directorate-General for Employment, Social Affairs and Inclusion)
- participation in review missions, as appropriate

### Specific objective 2: Support referencing of Bosnia and Herzegovina qualifications framework against the EQF

Subject to a request from the Bosnia and Herzegovina authorities, the ETF will give feedback on the EQF referencing report for the Bosnia and Herzegovina qualifications framework (expected in 2020) as well as inputs into proposed activities to promote accreditation of non-formal learning.

### Specific objective 3: Support labour market efficiency

In employment policy, the ETF will mirror the priority given by the EU Delegation to state-level policymaking and will cooperate with the Employment Department of the Ministry of Civil Affairs and with individual employment bureaux.

### Specific objective 4: Monitor VET progress through the Torino Process

In 2008–19, the Torino Process was carried out and completed in Bosnia and Herzegovina. The ETF assessment report will be used to inform policy advice to the country's stakeholders and the EU.