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A. REGIONAL AND COUNTRY CONTEXT

Bosnia and Herzegovina (BA) has a complex highly decentralised institutional structure with competences divided between the State, Entities, Cantons and Municipalities, which implies challenges for coordination and policy-making mechanisms and processes. Fragmented planning and budgeting processes, a lack of clear accountability and oversight mechanisms and the division of competences and responsibilities undermine the efficiency and effectiveness of delivery of public services and state governance as a whole.

Bosnia and Herzegovina’s population of some 3.8 million inhabitants has been slowly declining in recent years. Migration is negligible (some 2,500 emigrants in 2012). The workforce is ageing with only 15% aged between 15 and 24 years.

The country has a service-oriented economy with services accounting for nearly two thirds of GDP (65.8% in 2015). GDP grew at 3.2% in 2015, mainly owing to expansion in services and industry (each by almost 3%). Employment patterns reflect these trends (see below).

Half of the workforce is employed in services (53% in 2015), and this share is increasing (up from 49% in 2012). Some 20% of workers are employed in industry and 17% in agriculture. This structure could hide some imbalances in job creation, with most jobs created in services, as the contribution of services in GDP was already very high (two-thirds) and rather steady.

The employment rate is very low (only 43% of those aged 20-64 in 2015) with sizeable gender gaps - the rate for women is only 30% (20pp lower compared to that of men). Stronger economic activity led to a rise in registered employment by 1.5% on average during 2015. Main contributors to employment growth were the sector of wholesale, retail and repair (+2.3% year-on-year) and manufacturing, with employment growth of 1.9% year-on-year. Employment in the public sector rose by 0.6% year-on-year. In the first two months of 2016, employment continued to increase by around 1%.

Unemployment remains very high with more than one in four persons (28%) being unemployed in the past five years, and there are sizeable gender gaps (women are more likely to be unemployed). The registered unemployment rate was at 42.9% in 2015, compared 43.6% the year before. The LFS rate goes to 62% for youths (second-highest in Europe) and is even higher for women (68%). The modest improvements in 2015 in both the aggregate unemployment and employment rates have had limited impact on the overall level of long-term unemployment, which remains at 84.7%.

The Bosnian workforce is rather low-skilled, with only a quarter of it holding a tertiary (i.e. university-type) qualification. However, the country is slowly making some progress, and 16% of adults aged 30-34 has attained tertiary level of education in 2013, an increase of 2pp since 2011.

Bosnia and Herzegovina has one of the most challenging labour market situations in the region. Inflexible labour legislation, a high tax wedge on labour, widespread skills mismatches and poor outreach of employment services and measures contribute to high youth unemployment and overall long-term unemployment. Insufficient active labour market measures and the fact that social assistance is not targeted further act as disincentive to taking up formal work. In order to tackle high unemployment and low participation rates, the country should reduce labour market rigidities,

1 World Bank: World Development indicators, Bosnia and Herzegovina 2015

2 EU Candidate & Potential Candidate Countries

1st Quarter 2016 TECHNICAL PAPER 008 | APRIL 2016 tries’ Economic Quarterly (CCEQ)
including a reduction of the tax wedge and foster education responsiveness to labour and social demand.

**Relations with the EU**

On 1 February, Bosnia and Herzegovina submitted its 2016 Economic Reform Programme to the Commission, covering the period 2016-2018. The programme expects output growth to accelerate to 4% by 2018 and presents an ambitious, back-loaded fiscal consolidation programme, aiming at substantially lowering both revenue and expenditure and achieving a fiscal surplus of 1.1% of GDP in 2018. Government debt is expected to drop in this period to 33% of GDP. The latest World Bank forecast from January expects output growth of 2.3% in 2016.

The EU initiated in December 2014 a new approach to Bosnia and Herzegovina, with a resequencing of the conditionalities for country to progress towards EU membership and address its socio-economic challenges. A Compact Reform Agenda (Jobs and Growth) has been adopted as a result of this process. In 2015, a Stability Association Agreement entered into force and in 2016, the Council of Ministers of Bosnia and Herzegovina submitted an application to join the European Union and subsequently, on 20 September 2016, the European Council invited the European Commission to provide an opinion on the application of BA membership of the EU.

**B. VET AND SKILLS IN THE COUNTRY: PROGRESS AND MID-TERM PRIORITIES**

System-wide development is always behind schedule and, from the perspective of the EU, Bosnia and Herzegovina lacks a strategic approach and is unable to prioritise measures based on the needs of industry, especially SMEs. Progress in implementing country-wide strategies are constrained by the lack of a harmonised co-ordination mechanism for agreed common approaches across all entities. For example, both the Federation of Bosnia and Herzegovina and the Republika Srpska adopted consistent labour laws during the last year, but their consistent implementation is uncertain. The country’s complex governance structure inhibits effective institutional responses and the opportunity for professionals to share information or expertise on what works. The labour market is stagnating through a combination of lack of investment and a mix of social and labour market policies that keep participation at low rates. The education sector lacks strategic leadership, which is prevents improvement in existing areas or the emergence of new areas. A new Employment Strategy 2016-2020 for Bosnia and Herzegovina will soon be approved with an annual action plan. The Republika Srpska has adopted its own employment strategic framework up to 2020. The Federation of Bosnia and Herzegovina is working on the renewal of its strategy.

Three quarter of upper secondary students in Bosnia and Herzegovina were enrolled in vocational programmes. This is one of the highest rates in Europe and numbers remained relatively stable over the past years. Moreover, VET enrolments at this level of education increased in 2013 and 2014. VET remains very attractive at the upper secondary level of education and seems to represent the first educational choice in Bosnia and Herzegovina. However, high enrolment rates do not translate into high completion rates. A quarter of those aged 18-24 were early school leavers in 2014, one of the highest rates in Europe. In the absence of school to work transition data, this could suggest serious problems in employability of graduates and the existence of skills imbalances (see above).

Some 96 VET pilot schools have undergone extensive capacity development and around 3,000 teachers have been trained to design and deliver modular curricula. About 200 vocational schools are using the new curricula, available for about 70 VET profiles in upper secondary VET. Many of the components exist to a limited extent, including partnership arrangements, modularisation and outcomes based curriculum.
Evaluation of past IPA projects suggests that there is insufficient cooperation between schools and the private sector and there is no opportunity for internships and learning practice. Teacher training is not standardised or adequately monitored and rewarded. Adult education is not carried out extensively, although IPA has contributed to the training of teachers in vocational education and training.

The 2015 Small Business Act assessment found excellent efforts by pilot schools (management, teachers, and pedagogic advisors) in road-testing key competences in lower-secondary education with important roles being played by pedagogic institutes in development of key competences, including teacher preparation. There is a need to mainstream the progress achieved in these pilot projects. The assessment also found excellent cross-entity cooperation on strategy-building and approval by the Council of Ministers that could serve as examples of good practice for other policy areas.

The ETF works with a broad range of stakeholders in the country including:

- Employment and labour agencies at entity and state level;
- Ministries of Education, including the Republika Srpska and the Federation of Bosnia and Herzegovina;
- The European Delegation;
- Donors, such as GIZ, KulturKontakt and the British Council;
- The Ministry of Labour and Social Affairs;
- Higher Education Institutions;
- State level implementing agencies at secondary and higher education level, such as the Agency for Pre-primary, Primary and secondary Education and the Agency for Quality Assurance in higher education;
- Pedagogical Institutes;
- Ministries of Economy and small business agencies and institutions;
- Employers organisations, such as the Association of Employers of Republika Srpska;
- Schools;
- State co-ordinating agencies such as the departments of employment and education in the Ministry of Civil Affairs.

Each group has something to contribute to some aspect of human capital development. However, the network is underdeveloped insofar as there are some actors missing, co-operation between members tends to be ad hoc and local (i.e. at entity level) or thematic and associated with special issues (i.e. schools or employment). Although the relationship between business and education is an agreed priority across all entities, there are few opportunities where this takes place.

**C. EU AND OTHER DONORS IN VET AND SKILLS**

The international donor community is very active in the VET sector with significant capacity building support and related expertise being provided over the past decade. GIZ, Swiss aid and Kultur Kontakt are the most active donors in VET with teacher training, adult education (including the validation of non-formal learning) being the strong areas. KulturKontakt is planning to work with Ministry of Civil
Affairs to update the VET Strategy for Bosnia and Herzegovina developed for the 2010-15 period. This strategy has been delayed pending agreement between the entities.

The British Council and the Council of Europe were previously very active as donors, but are now EU Contractors implementing IPA funded projects in education. The Swiss Agency for Development Cooperation is supporting targeted and demand-driven developments in VET. At the same time, in collaboration with public employment services, it is promoting job creation and teaching jobseekers and insufficiently skilled workers skills relevant to the labour market.

GIZ has a strong presence in the country, currently running a project on “Support to Adult Education”, one element of which is the competences passport designed to recognise informally acquired skills, a type of RPL. In higher education, a joint EU and CoE project in HE qualifications led to a good practice guide for curriculum development in higher education.

The EU is the largest donor and, over the years, it has supported many education projects. Under the PHARE programme (c. €5.5 million), assistance was provided to vocational education and training, scholarships for secondary school pupils and university level students whose parents were victims of the war in BA. Under the CARDS programme (€11.3 million) assistance focused on continuous support to vocational education and training, public administration reform in the sector, and reform of primary, secondary and higher education. IPA assistance (€7.5 million) was provided for: continuous support to institutional capacity building of the sector, support to further development of vocational education and training in a Life Long Learning perspective and entrepreneurial learning in line with the requirements of the Small Business Act for Europe.

In Q1 2016, the EU initiated a 24 month project aimed at strengthening quality and efficiency of the education system, including providing adult learning and contributing to the comparability of education systems in BA with those of the EU based on the EU 2020 Strategy and the EQF. The project will pay special attention to a systematic approach to developing quality assurance in VET, improving the identification of relevant qualifications and VET financing mechanisms. The purpose of the project is further development and implementation of the Qualifications Framework in BA with a focus on vocational education and training and adult education. The project has the potential to be a key guide in the further evolution of the BA VET system. The project complements an existing EU project for the development of a qualifications framework for general education that is scheduled to end in October 2016. It comprises four components, including the development of a pilot Matura, quality assurance, teacher training and working on teacher competences.

The Indicative Strategic Document (ISD) for IPA II for BA for the period 2014-2017 states that reform of the social, education and employment sectors is crucial for the social and economic recovery of the country. In the employment sector, the aim of EU assistance is to strengthen institutional capacity and define and implement active labour market measures. In the social sector, EU assistance aims to support a balanced needs-based approach across the country for the social protection system and the reform of financing and social welfare services.

Expected relevant results from ISD are:

- Reduced number of unemployed, especially unemployed youth, through institutional reform, and
- Coordinated approach based on the needs and ensuring coordinated support for vulnerable groups.

IPA II will focus substantial resources on improving transition to work in BA. Career guidance remains underdeveloped owing to scarce funding especially in the Federation of Bosnia and Herzegovina. There is an intention to design IPA 2017 on sector budget support (SBS) principles, but BA does not comply yet will all the conditionalities, such as having a Public Finance Management Strategy and
rules in line with EU standards. The SBS approach may improve commitment and sustainability of actions.

Following the Foresight component under the FRAME Project, the ETF assisted BA in drafting a strategic document called Vision for Skills 2020 (Vision). Vision is defined in such as way that it combines the development orientation of relevant institutions as formulated in strategic documents, and reflects the principles of smart, integrated, inclusive and sustainable development underlying the strategic documents Europe 2020 and South East Europe 2020: Jobs and Prosperity in a European Perspective.

Developed through a cross-sector commission of officials nominated by all entities, the draft is a sound representation of the priorities for Bosnia and Herzegovina up to 2020. Vision contains a core of initiatives such as Skills priorities, Skills System Improvement, Use of Knowledge in change processes, links between business and society and improvements in public institutions and public-private partnerships. The draft Vision for Skills 2020 underpins the Linking Employment with Education and Social Policy action being prepared under the EU’s Country Action Programme for Bosnia and Herzegovina for 2016.

IPA II envisages a range of activities related to the modernisation of the labour market through increasing labour mobility and further developing skills and human capital potential in BA to increase labour force participation and ensure better convergence between labour supply and demand. In the regional context, the South East Europe 2020 Strategy and its Education and Employment Dimensions reinforces VET reforms in Bosnia and Herzegovina with priorities in labour mobility and labour market policies.

The International Labour Organization and the Regional Cooperation Council are implementing a new project called Economic and Social Affairs Platform, in line with the priorities of the IPA II Annual Multi-country Action Programme 2015. The project aims to strengthen sub-regional cooperation and institutional capacities of the governments, employers’ and workers’ organizations of the Western Balkans as well as tripartite institutions, enabling them to jointly adopt and effectively implement labour market and social policy reforms thus advancing their EU pre-accession process. The project is based in Sarajevo.

In addition, USAID are implementing a projects in education and the labour that link with the ETF’s work, including the Growth-Oriented Local Development (GOLD) project which is jointly-financed with the Swedish International Development and Cooperation Agency (Sida) and which aims to assist local communities to create jobs for youth via entrepreneurship and private and public cooperation on vocational education programs.

D. ETF MID-TERM INTERVENTION STRATEGY IN BOSNIA AND HERZEGOVINA

Considerable progress has occurred but the potential improvements expected from reform have not yet been realised. Delays in achieving sustained practical co-operation between the entities or the relevant stakeholders inhibit the implementation of measures within a coherent framework across the country. ETF interventions in the mid-term aim to assist the country overcome this challenge and support its further cooperation with the EU in the context of its possible candidature as a member state.

The CSP for 2017-2020 contains six priorities. There is continuity with the activities in 2016, which covered employment, national qualifications frameworks, VET reform progress monitoring through the Torino Process, professional development of teachers and trainers, and support to the Commission as
well as entrepreneurial learning. The activities are consistent with the draft skills strategy for Bosnia and Herzegovina.

The ETF intervention strategy has been drawn up on the assumption of continuity in

- the priority given to the country in terms of EU external assistance;
- the level of political, economic and social stability;
- the high level of commitment in the country among key stakeholder from the national and regional authorities and among civil society to take forward the reform process in line with the national vision and strategy for human capital reform in particular in the selected areas of intervention;
- engagement and ownership of the country in the ETF Torino Process and according to the principles of evidence based, participatory, holistic policy making.

Particular assumptions, or conditions for the achievement of impact from ETF interventions where relevant are included under the specific objectives below.

The proposed areas of intervention are:

1. Supporting Labour Market Efficiency;
2. Support to the Referencing of Bosnia and Herzegovina against the EQF;
3. Support to continuous monitoring of VET progress (Torino process);
4. Support to EU external assistance and bilateral policy dialogue;

**Specific Objective 1: Supporting Labour Market Efficiency**

**Rationale:** In recent years, the ETF’s interventions have focused mainly on education. There is scope to extend ETF’s work in the country in the next three years to include interventions on labour efficiency.

The country has serious and persistent labour market difficulties, which can be overcome only with additional support. The ETF’s involvement in the area, tested in 2016, will contribute to improving the country’s performance in the area.

With the possibility of becoming a candidate country, initiating work in the labour market area offers the opportunity to systematically introduce Bosnia and Herzegovina to developments underway in the EU, e.g., Skills Identification and Matching and Transition to work. Bosnia and Herzegovina does not have a structured approach to either of these issues. Making these a major focus of the ETF’s work in 2017-2020 will also provide an opportunity for the country to engage more closely with members and to draw on their experiences. The ETF’s engagement with the stakeholders on these issues suggest that the ETF’s interventions should focus on the entity level as well as the Bosnia and Herzegovinian state level, as most of the work on labour market policies and programmes and skills needs identification is carried out at the entity level. This would involve working with the Republika Srpska and with the Federation of Bosnia and Herzegovina in high population cantons, e.g., Zenica, Sarajevo and Mostar (Herzegovina Neretva). The results in these cantons could serve as examples for the smaller cantons.

**Objective:** Improved effectiveness of employment services to meet the needs of labour market participants.
Assumptions:

- Progress in the implementation of ERP recommendations in the field of HCD;
- Public and private stakeholders cooperation and with the ETF;
- Effective co-operation between education and employment stakeholders and entities.

Expected Results of the Provision of ETF support until 2020 include:

1.1 BA wide system of performance indicators for monitoring the performance of labour market programmes;
1.2 Established methodologies for skills needs identification based on contemporary EU practices;
1.2 Functioning network of employment service and labour agencies for the sharing and reporting of experiences and developments across BA;
1.3 A systematic approach to supporting the transition of young people from education to work;
1.4 A training programme on skills intelligence and matching;

Specific Objective 2: Support to the Referencing of Bosnia and Herzegovina against the EQF

Rationale: Bosnia and Herzegovina has discussed the development of a national qualification framework for a number of years and the country has undertaken development work on qualification frameworks for general and higher education through assistance projects funded by the Council of Europe and the EU. These frameworks are to be supplemented by a Qualification Framework for Lifelong Learning based on an Action Plan agreed to by the Council of Ministers of Bosnia and Herzegovina. Implementation of this action plan is being supported by an EU project in the period 2016-2018. The project aims to strengthen the quality and efficiency of the education system, including provision of adult learning, and contribute to the comparability of education systems in BA with education systems in the EU based on EU Strategy 2020 and EQF. The project will be steered by a formally appointed Inter Sectoral Commission (ISC) comprising all entities and key stakeholders. Finalisation of the ISC is pending based on the agreement of the entities. The project is working on the basis that this ISC will be formalised in the future.

Bosnia and Herzegovina is a member of the European Qualifications Framework Advisory Group. The ETF can contribute by cooperating with the Ministry of Civil Affairs to support the stakeholders involved in the Qualifications project in the preparation of a referencing report against the EQF. This would strengthen the country’s involvement in EU processes and, through cooperation, its capacities.

As part of its activities on qualifications, the ETF is conducting an inventory exercise to support both domestic reform and referencing to the EQF. ETF has conducted similar exercises in FYROM, Serbia and Albania.

The inventory and analysis will record the state of vocational qualifications in the country, provide a basis for decisions on criteria for placing qualifications in the BQF and inform any decision for a potential future national qualifications register, catalogue or other database of qualifications. It will support Bosnia and Herzegovina’s in referencing to the EQF.

Objective: Bosnia and Herzegovina is effectively engaged in EQF processes through participation in the EQFAG and the development of a draft referencing report.
Assumptions:

- The continued willingness of BA to accept and adopt EQF principles;
- BA progress in developing and presenting at EQF Advisory Group meetings;
- Progress in the implementation of actions corresponding to the structured development stage;
- Ongoing co-operation between entity stakeholders and the ETF.

Expected Results of the provision of ETF support until 2020 include:

2.1 Report to ISC on progress in implementing Action Plan, including progress towards EQF referencing;
2.2 Completion of qualifications inventory exercise, including recommendations for revised qualifications and disseminate these.
2.3 Recommendations on implementing the Action Plan;
2.4 Updated NQF Inventory text published on QP and included in 2017 Global NQF Inventory

Specific objective 3: Torino Process- Continuing Monitoring of VET Progress

Rationale: ETF will continue involving Bosnia and Herzegovina in the Torino Process: the system wide policy analysis and monitoring progress exercise implemented by the ETF on a periodic basis.

The 2017-2020 period will cover the closure of the 2016 round and the implementation of the fifth round in 2019. The specific modalities for national implementation in 2019 will be agreed according to the 2016 results and the specific development of the monitoring processes in the country. In between the two rounds, ETF will continue the policy dialogue with Bosnia and Herzegovina on policy analysis and system wide progress monitoring through VET monitoring Forums at regional and international levels.

Although Bosnia and Herzegovina is not yet a candidate country, monitoring should also encompass progress towards the Riga conclusions. This will assist the country in developing its capacities in international education reporting.

In addition, the ETF will undertake some specific capacity building actions for VET policy-making, following up on the 2016 round of the Torino Process and in preparation to the 2019 round.

In 2017, the Torino Process will provide input to monitoring and evaluation processes at national level, including ex-ante impact assessment in Bosnia and Herzegovina. The overall scope of these actions is to ensure progress in the outcome of the project, i.e. to contribute to progress of partner countries in evidence based policy making and in the implementation of the Torino process principles (participation, evidence, holistic view of VET and ownership).

Objective: BA maintains its commitment to the principles of the Torino Process and sustains its stakeholder collaborations to monitor its progress against its national and EU priorities.

Assumptions:

- Progress in the completion and participation in Torino Process;
- Public and private stakeholders cooperate among themselves and with the ETF;
Effective co-operation between education and employment stakeholder;

Availability of education data for monitoring purposes.

Expected Results of the provision of ETF support until 2020 include:

3.1 Torino Process working group sustained as focal point for ongoing discussions of VET progress against Torino Process Priorities;

3.2 BA develops reporting mechanisms for referencing developments in line with Riga Conclusions;

3.3 BA undertakes Torino Process self-assessment in 2019;

3.4 BA develops reporting schedule against ETF VET and labour market performance indicators (Kiese).

Specific Objective 4: Support to EU external assistance and bilateral policy dialogue

Objective: EU external assistance and the EU bilateral policy dialogue and cooperation with BA is supported to maximise the benefits from participation in EU processes.

Assumptions:

- EU-BA high-level policy dialogue conclusions on positive progress in education, employment and social inclusion;

- Accession reports records positive action and ERP recommendations are implemented;

- EUD requests ETF assistance in monitoring and preparation of IPA II.

Expected Results of the provision of ETF support until 2020 include, upon request from the European Commission or the EUD:

5.1 The assessment of the BA Economic Reform Programme (ERP);

5.2 Participation and contributions to the policy dialogue through the EU-Bosnia and Herzegovina Sub-committee in innovation, information society and social policy;

5.3 Contribution to Progress report;

5.4 Monitoring of IPA I project on the implementation of the Action Plan of the BA Qualification Framework and planning of IPA support to the Employment and Training sectors 2017-2020.

In addition to the above and in the context of ETF regional initiatives, BA stakeholders will be invited to participate in the ETF Forum for VET Quality Assurance, which will integrate the European dimension in VET quality assurance (EQARF/ EQAVET). It will address policy and governance matters to enhance systemic and systematic approaches and help tackle quality assurance issues in identified areas of common interest, e.g. external and internal evaluations of VET providers, national qualifications frameworks, CPD of VET teachers and trainers, and work-based learning. Participation will also be promoted in the ETF virtual platforms for work-based learning, continuing professional development of teachers and trainers in VET and digital skills and online learning in VET.

Furthermore and building on the mapping of provision and demand for professional development of VET teachers carried out in in 2015, the ETF supports in 2016 and 2017 demonstration projects, which will inform policy development and implementation and can directly support the development of good practice in professional development.
In the period 2017-2020, the ETF will continue to support DG Internal Market, Industry, Entrepreneurship and SMEs (DG Grow) with analysis and reporting on the country’s progress on the human capital pillars of the Small Business Act for Europe (SBA). The next assessment takes place in 2017 and focuses on entrepreneurial learning, women’s entrepreneurship and SME skills. The entrepreneurial learning dimension will be assessed in line with the new Entrepreneurship Competence Framework. Customised support to the country on human capital policy areas will depend on specific requests from the government.

ETF’s SBA assessment work will be accompanied by further identification of good practices in training with the objective of supporting countries in implementing the ETF’s SBA policy recommendations. More specifically, in 2017 a dedicated good practice call for the pre-accession region will focus on training for SMEs who are trading (or have the potential to trade) with the EU Single Market.

E. ACTION PLAN 2017

1. In the area of labour market efficiency, the ETF will support State and entity authorities and stakeholders for a more structured and regular development of skills intelligence. The ETF will also continue its support to improve youth transition to work in Bosnia and Herzegovina with a focus on strengthening evidence basis and work in partnership. The format of support include policy advice and capacity development actions (learning and exchange events).

2. The ETF’s focus in qualification systems in Bosnia and Herzegovina for 2017 is to assist national authorities through:
   - Advice to authorities on priorities in implementing Action Plan including on preparations for EQF referencing;
   - Providing, on request, content and methodological advice to EU project, in support of Action Plan;
   - Disseminate results of qualifications inventory exercise to inform methodologies for development of qualifications.

3. Under the Torino process, actions will be taking into account the results of the 2016 national Torino process and in particular, the need for the development of sound and evidence based policy analysis for policy making across the country, and the reinforcement of a monitoring system in the country. In 2017, the actions will be closely coordinated with activities under the labour market and employment objective in particular ensuring progression in the evidence based pillar, EU indicators availability and benchmarking, and participation of all levels in the policy debate and monitoring system.

4. The ETF will provide support to the Commission as request and in line with EC reporting and monitoring processes

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1. Update on key developments

Bosnia and Herzegovina’s key developments comprise progress towards the development of a qualification framework for lifelong learning at the state level. The framework is directly and indirectly supporting the development of reforms across the entities, the initiatives of which tend to reflect elements of EU approaches.

The country-wide strategies for employment and vocational education have yet to be completed and the preparation of programming for the IPA 2 budget support programme has been slower than anticipated. This may delay the availability of support measures from the EU that could assist with implementation of reforms in both education and employment. Both employment and vocational education reforms are priorities.

The Republika Srpska is preparing a new law on secondary education that aims to support the efficiency of VET. The adult learning institute of the Republika Srpska is being restructured together with Pedagogical Institute to create a new Centre for Lifelong Learning.

In the Federation of Bosnia and Herzegovina, the canton of Sarajevo has commenced the development of a new strategy for Education and Science (2017-2020). The Torino Process progress of 2016-17 will be presented to the Council of Ministers in 2017, serving as a reference for discussions at country-wide level.

At the sub national level, progress is often more evident, e.g., Republika Srpska and some cantons, where tri partite councils have been formed to support vocational high schools. Qualifications are a major focus of reform with most development occurring at the secondary-education level. More rapid developments are necessary at the post-school level, particularly at the level of European Qualification Framework (EQF), which, would help to address the transition from education to employment.

Progress on the development and implementation of reforms at a country-wide level is mixed and slower than anticipated. Challenges to be addressed are clear and efforts are targeted towards initiatives that will eventually support implementation. The reform process is entering a new phase where many initiatives require a greater integration of measures and the consolidation of inter-entity cooperation.

The strategy for entrepreneurial learning in Bosnia and Herzegovina will be updated, and in 2018 the country will participate in the Trends in International Mathematics and Science Study and the Program for International Student Assessment.

The direction of the reforms and future planning is consistent and coherent with EU orientations and strategies.

The World Bank is preparing an Employment Support programme. This aims to support the government to scale up and increase the effectiveness and efficiency of its active labour market programs and job intermediation. The project is undergoing a ratification process.

The German International Cooperation (GIZ) is preparing the Sustainable Training and Education Programme, with a focus on quality in VET. The aim is to implement a cooperative and competency-based TVET system. The project follows GIZ activities in adult learning (2010-2016). There is scope for cooperation between the ETF and GIZ in informal learning. The ‘competency passport’ system developed in the adult learning project could be linked with the ETF’s work in the validation of non-formal and informal learning. In addition, GIZ is working in Brcko District to identify possible
strategies for VET assistance. Austria’s Federal Chancellery (KulturKontakt) is preparing to support the development of a new VET strategy in 2018, further supporting the Budget Support Programme.

2. Progress towards achievement of the ETF’s mid-term objectives and results 2020

Progress towards the achievement of ETF’s objectives for 2020 is sound. The work on the inventory of available vocational qualifications across Bosnia and Herzegovina is accepted by the Ministry of Civil Affairs, as well as participants of the EU-supported project for the development of a qualification framework for lifelong learning. The inventory will assist national stakeholders to complete their referencing of the framework against the EQF. The inventory will also assist national stakeholders develop action plans for the implementation of new qualifications within the framework.

Progress to support labour market efficiency is being made. A network of labour market agencies has been established, and is working to improve its capacities in labour market assessments and skills analyses. The group has improved its understanding and awareness on EU member state trends in labour market policies and programmes, particularly the implementation of the EU Youth Guarantee scheme.

The Torino Process has also been well received and submitted to the Council of Ministers of Bosnia and Herzegovina for consideration and adoption. In this respect, the Torino Process report will be a national reference document, supporting the country’s active participation in the future rounds.

3. 2018 Action Plan

The 2018 action plan confirms the objectives identified for the period 2017-2020:

1. Supporting labour market efficiency
2. Support to the referencing of Bosnia and Herzegovina against the EQF
3. Torino Process - continued monitoring of progress in VET
4. The ETF will provide support to the European Commission as requested, and in-line with European Commission reporting and monitoring processes

Specific Objective 1: Supporting Labour Market Efficiency

Continue to assist the improvement of existing practices for labour market and skills needs;

Support the further consolidation of labour-market demand analysis, including identifying feasible, longer-term forecasting solutions;

Disseminate a standard methodology for skills mismatch measurement (set of indicators, calculation and data interpretation) that could be adapted;

Maintain regular data collection of key indicators on education, skills and employment;

The set of indicators includes two components: Labour force survey and public employment service activity data (labour market services and measures, registered jobseekers, vacancies and expenditures on labour market policies, etc);

Drawing on experiences from the study visit to Portugal 2017, the ETF will work with relevant stakeholders to foster youth employability for a more integrated approach (Youth Guarantee and EU best practice).
Specific Objective 2: Support to the Referencing of Bosnia and Herzegovina against the EQF
In 2018, the ETF’s interventions in qualifications focus on developing its VNFIL system, facilitating stakeholder analysis, and proposed methodology for implementation.

Furthermore, the ETF will cooperate with Cedefop on an inventory and analysis of South Eastern Europe and Turkey (SEET) progress in developing and VNFIL systems. It will support SEET partner countries’ participation in EQF Advisory Group.

Specific Objective 3: Torino Process - Continuing Monitoring of VET Progress
The ETF will work with Torino Process stakeholders, including the Ministry of Civil Affairs and support planning of the 2019 round. This work will incorporate any relevant recommendations suggested by the Council of Ministers of Bosnia and Herzegovina. Further, the ETF will ensure online consultations and capacity-building activities involving appointed national coordinators and key working group members. All countries will be invited to join the kick-off meeting in Q4, 2018 in Turin. Countries aiming at implementing the Torino Process at sub-national level will undertake specific activities in 2018 in view of preparing regions and cities. A new national data collection exercise aimed at acquiring more in-depth data and mapping in the area of VET and skills will also be launched in 2018.

Specific Objective 4: Support to the Commission
Depending upon requests from the European Commission or the EU Delegation, the ETF will provide inputs to the monitoring of the Bosnia and Herzegovina IPA project/ IPA Budget Support and the planning of any follow-up interventions. The ETF will also provide inputs to the assessment of the BA Economic Reform Programme (ERP), the EU Bosnia and Herzegovina high-level policy dialogue on progress in education, employment and social inclusion through the sub-committee meeting and European Commission progress reporting and any enlargement-related requests.

The ETF will support dialogue and planning for entrepreneurship and digital key competences. The ETF will support a series of round-tables to determine issues, options and commitments, set against the European Commission’s EntreComp and DigComp policy support tools. The round tables will be BiH-driven and technically supported by a local expert. This builds on the success of ‘local’ approach within the most recent Torino Process review, supporting further development of the country’s strategy for entrepreneurial learning. The round tables include follow-up tasks:

- Mapping of both competence areas across the various parts of the state;
- Cross-referencing competences against EntreComp and Digcomp;
- Identifying good practice (teacher support, learning outcomes, assessment arrangements) proposals and recommendations for state-wide development.

Bosnia and Herzegovina will also undergo an SBA assessment, with dedicated focus group meetings addressing three areas: lifelong entrepreneurial learning, women’s entrepreneurship and SME skills. Conclusions and recommendations will be published in 2019. Intelligence from the assessment drive will be used as inputs to the Economic Reform Programmes.

The ETF will support participation of Bosnia and Herzegovina actors in European platforms and dialogue processes, including, Education and Training 2020 working groups, and the European Alliance for Apprenticeships (EAfA). Bosnia and Herzegovina will also participate in the ETF regional actions such as the ETF Forum for Quality Assurance in VET and ETF virtual platforms for work-based
learning, and the continuing professional development of teachers and trainers in VET and digital skills and online learning in VET.

Furthermore, the ETF is contributing expert input for tripartite social partnership in VET during the implementation of the EU-funded employment and social affairs platform (2017-2019).