

TORINO PROCESS

BOSNIA AND
HERZEGOVINA

2010





TORINO PROCESS 2010

Bosnia and Herzegovina

Milena Corradini, Jean Raymond Masson, Arne Baumann, ETF

Table of Contents

Foreword	3
List of acronyms	4
Executive summary	5
1. Vision and state of play in vocational education and training	7
2. External efficiency: addressing economic and labour market needs	8
3. External efficiency: promoting equity and addressing social demands for education and training	15
4. Internal efficiency, quality, governance and financing	17
5. Innovation, partnership and entrepreneurship	20
Annexes	21
Bibliography	25

List of acronyms and abbreviations

ETF	European Training Foundation
CoM	Council of Ministers
BiH	Bosnia and Herzegovina
VET	Vocational education and training
ALMM	Active Labour Market Measures
R&D	Research and development
SME	Small and Medium Enterprise
ILO	International Labour Organisation
IPA	Instrument of Pre Accession
OSCE	Organisation for Security and Co-operation in Europe
EU-ICBE	EU programme on Institutional and Capacity Building of Bosnia and Herzegovina Education System
Trans MONEE	The UNICEF database on Monitoring the transition in Central and Eastern Europe
Phare	Poland and Hungary Assistance Restructuring of their Economies
CARDS	Community Assistance for Reconstruction Development and Stabilisation
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation)

Foreword

The “Torino Process” is a participatory review of progress in Vocational Education and Training (VET) policy launched in 2010 by the ETF to build the capacity of national stakeholders in assessing VET reform. The Torino process will operate on a two-year cycle in all partner countries with ETF support.

The objective of this Process is to provide a concise documented analysis of VET reform in each country, identifying key policy trends, challenges and constraints as well as good practice and opportunities, in order to:

- support countries in evidence-based policy-making with a view to improving the VET contribution to sustainable development and competitiveness and social cohesion in particular;
- serve as a basis for ETF support to strategy design in these countries;
- provide recommendations to the European Commission for further EU external assistance.

The present report has been produced in close consultation with the EU Delegation and Bosnia and Herzegovina stakeholders including the Ministry of Civil Affairs, the Agency for Pre-primary Primary and Secondary Education, the canton Ministries of Education and Employment bureaus and Social Partner Institutions.

The report is based on a review of existing documents and ETF experience drawn from many years of cooperation with stakeholders and involvement in the VET reform process.

Executive summary

Bosnia and Herzegovina (BiH) is currently a candidate country for membership in the European Union and EU accession is a top priority in all public statements and policy documents. The European integration process is expected to operate as a catalyst encouraging more systematic State strategic planning and implementation and overcoming issues arising from the current fragmented administrative structure.

The most recent European Commission Progress Report (European Commission 2009) states: “Bosnia and Herzegovina has made very little progress in addressing political criteria for enlargement and domestic climate has deteriorated and challenges to the proper functioning of the institutions and inflammatory rhetoric have continued. Reform implementation has been slow, due to a lack of consensus and political will and to complex institutional framework...”

On education it is reported that some progress has been made in the field of education and culture. The Conference of Ministers of Education has contributed to ensure basic coordination between the 14 competent ministries in the country. However harmonisation of legislation at entity and cantonal level has not been completed and implementation across the country has been uneven. Finally as regards employment, the assessment is that legislation and policies remain very fragmented and that the lack of co-operation between the various levels of the government continues to be a serious handicap to the development of the necessary coordinated approaches.

Although the macro-economic situation in Bosnia and Herzegovina improved in recent years, the worldwide global economic and financial crisis began to have a negative impact on economic growth and employment in the last quarter of 2008. The impact of the crisis was accentuated by underlying structural problems that reduce the competitiveness of BiH in comparison with other Western Balkan countries and that lead to low activity rates, high youth unemployment, extensive long-term unemployment and a significant informal economy.

Vocational education and training (VET) can play a key role in addressing current challenges when placed in the context of lifelong learning, as is the case the 2007-2013 VET Development Strategy and the Framework Law on VET (2008).

The VET system is currently mainly confined to secondary education where global enrolment is decreasing due to a combination of demographic trends and reduced attractiveness of the system; in particular the 3 year vocational cycle. Only limited adult learning opportunities are available.

The EU has provided substantial support for VET reform since 1998, contributing to an updated curriculum and technical endowment in schools, improved teacher capacities, data collection on labour market needs, the promotion of social dialogue and communication between entities at canton level. Many policy documents and strategies were produced through EU financed projects, but these were mostly produced by technical assistance teams with the role of local authorities frequently limited to mere formal endorsement rather than full knowledge and ownership.

Discussions have recently been underway on a Baseline Qualifications Framework and a concept note has been prepared by the Ministry of Civil Affairs for submission to the Conference of Ministers. This concept note and the first meeting of the General Education Council in July 2010 are important initial steps toward the establishment of a harmonised, transparent and modern education system in BiH.

This Torino Report works on the premise that educational reform is a long-term process and that, as a part of the system, VET reform must continue in order for labour market requirements to be met and for access to education and social inclusion to be promoted. The analysis in this report has led ETF to identify the following priorities for further mid-term development:

1. Promote dialogue and partnership between private and public sectors and engage employers in all stages of the skills development agenda, taking into consideration the Baseline for Qualifications Framework in Bosnia and Herzegovina. As part of this dialogue, engage in discussion with the social partners and the higher education community on the development of post secondary VET and short vocational cycles in higher education. Make use of on-going discussions on the qualifications framework. This is also crucial in making VET more attractive.
2. Increase motivation for learning by better identifying training needs and developing incentives for adult learning including free access to basic qualifications for all. Develop an information system on skills needs and forecasts as well as on good practices in VET in cooperation with employers. Disseminate these good practices widely through the Internet and awareness-raising campaigns.
3. Continue the adaptation and review of training standards and curricula in order to cover all existing occupations. Involve VET teachers, trainers and principals systematically in these processes. Pay attention to pre-service and in-service training as well as to overall professional career structure in order to improve teacher status in society.
4. Increase the autonomy of VET schools and providers. Encourage them to develop initiatives for learning and innovative coursework, particularly for addressing social inclusion needs, through more flexible regulations and adequate incentives that are more conducive to this. Do not wait for a fully fledged certification system before undertaking action.
5. Promote reform of VET financing, in particular with reference to improving efficiency. Start with a comprehensive review of the financing system and examine various per capita and performance-based approaches to funding reforms.
6. Develop evidence for VET policy formulation, implementation and monitoring by supporting the VET Department of the Agency for Pre-school, Elementary and Secondary Education in the collection, production and dissemination of appropriate indicators and tools.
7. Make the employment service more effective by increasing the number of qualified staff and improve labour market mobility by introducing a State-wide, national database of vacancies. Reform legislation on active labour market policy in order to allow for the systematic planning and implementation of this. Investigate ways to increase the budget available for active labour market measures (ALMMs).

These policies could also be made priorities for EU-IPA assistance within the Multi-annual Indicative Planning Document 2011 – 2013 framework currently being finalised. These points reflect many of the priorities identified in the VET Development Strategy and match the views expressed by stakeholders in meetings and seminars.

1. Vision and state of play in vocational education and training

1.1 The understanding of VET

There are several documents that contribute to defining the vision of VET in Bosnia and Herzegovina, namely:

- VET Development Strategy 2007-2013 (representing an explicit endorsement of the European policy framework on employment and VET).
- Framework Law on secondary VET that provides a broader perspective linked to lifelong learning with a special reference to initial and continuing training. In this context, VET is recognised as a key tool in response to labour market demands and trends and in ensuring conditions for the development and promotion of traditional crafts.
- Draft Development Strategy of BiH (June 2009) where VET is viewed as central to the strategic goal of employment and lifelong learning that is expected to ensure the competitiveness of the country. The strategy stresses the leading role of the Universities, followed by the employment services and companies in VET.

The VET system is still based on the inherited structure, it is supply driven and confined to secondary education. Vocational schools offer 3-years courses, mainly for craft professions, catering for 22% of all secondary education students in 2008/09 (down from 30% in 2004/05). The technical schools offer 4-year courses, providing qualifications in the industrial and services sectors and they enrol 53% of secondary education students (up from 46% in 2004/05). Around 45% of students enrolled were girls. The enrolment quota is centrally decided at ministry level before the start of the school year on the basis of school capacity and student interest and performance. In recent years the Ministry has consulted employment offices, chambers of commerce and employers before setting the enrolment quotas.

Adult training is poorly developed. It is mainly provided by secondary technical and vocational schools and individual enterprises in different settings. Documents regularly refer to the need to further develop the system for adult education and training (Council of Ministers BiH, 2009a).

VET system governance is regulated and implemented under the responsibilities of 13 Ministries of Education, one for each of the ten cantons of the Federation of Bosnia and Herzegovina (FBiH), one for the Republic of Srpska (RS) and one for the Brcko District (BD). The Federal Ministry of the Federation plays the role of coordinator between the cantons, while the Ministry of Civil Affairs is responsible for adopting framework laws and co-ordination at State level.

1.2. Recent developments and constraints

From 1998 to 2010 the education reform process has been supported by leading donors like the EU, which has mainly concentrated on VET reform through projects financed under Phare, CARDS and IPA (since 2007). German GTZ has also been very active in this field. A number of key documents have provided recommendations to form a basis for new legislative frameworks on VET transformation in the country. Almost all of these have been produced with the support of technical assistance teams, gaining formal endorsement from the appropriate authorities in line with the BiH VET Development Strategy.

Actions within the reform process cover:

- Strengthening governance of the VET system;

- Strengthening the relevance of VET to the labour market through the involvement of social partners in research for and production of training standards and competence-based curricula related to a new nomenclature of occupations;
- Preparation of a concept note on adoption of a Baseline Qualification Framework for Lifelong Learning;
- Improvement of VET system management and administration;
- Improvement of VET quality;
- Combating marginalisation and promoting social inclusion.

The Conference of Ministers of Education was established in 2008 as a permanent top-ranking advisory body for education; a move that can be read as an important step in promoting harmonisation and coordination of the process. A further three education agencies were established in accordance with recent legislation: the Agency for the Development of Higher Education and Quality Assurance, the Agency for Pre-school, Primary and Secondary Education (including the VET department) and the Centre for Information and the Recognition of Documents in the Field of Higher Education.

Reform is slowly on-going at rates that vary from one entity and canton to the next, sometimes with ambivalent results. In one canton of the FBiH, for instance, the cantonal ministry and pedagogical institute refuse to recognise modular curricula, meaning the outdated version is still officially recognised and canton VET law is not yet in harmony with the framework, preserving an outdated parallel system. This situation results in a peculiar situation for one particular agricultural school in this canton where the certificates issued have never been accepted by the Ministry as they are based on modular curricula. Graduates from this school therefore receive two certificates on graduation: one issued by the Ministry and referring to the old curriculum and one issued by the school with the new curriculum.

Furthermore, the lack of monitoring mechanisms means there is little overall evidence on reform implementation.

The main obstacles to reform can be summarised as:

- The complexity of the administrative structure in the country, given its fragmented and politicised context. This means a great deal of effort has been expended to develop mutual understanding and consensus between the many educational stakeholders at cantonal, entity and state level, not always successfully.
- A lack of ownership of reform: some schools have agreed to curriculum revision only as a means to receive up-graded equipment.
- Overly restricted budgets for the training of teachers and education managers.
- The limited role of social partners in VET: a National VET Council has never been established.

2. External efficiency: addressing economic and labour market needs

BiH suffered heavily in the economic crisis of 2008 and its aftermath. Industrial production fell by 1.2% in 2009, while GDP decreased by an estimated 3.4% in the same year. The labour market shrank, unemployment rose to 42.7% and the trade balance stood at -27.8% of GDP.

The main economic challenges shaping the demand for skills in the nation are expressed in the draft Development Strategy 2008-13 as:

- Increasing competitiveness: through improvement of the competences of human resources and the development of the scientific, technological and business infrastructure.

Strengthening of the R&D sector is particularly dependent upon an adequately educated workforce;

- Developing employment: the creation of more workplaces through the encouragement of SMEs, a labour market with improved operations and active employment policies, and adequate vocational training.

2.1. Competitiveness in Bosnia and Herzegovina

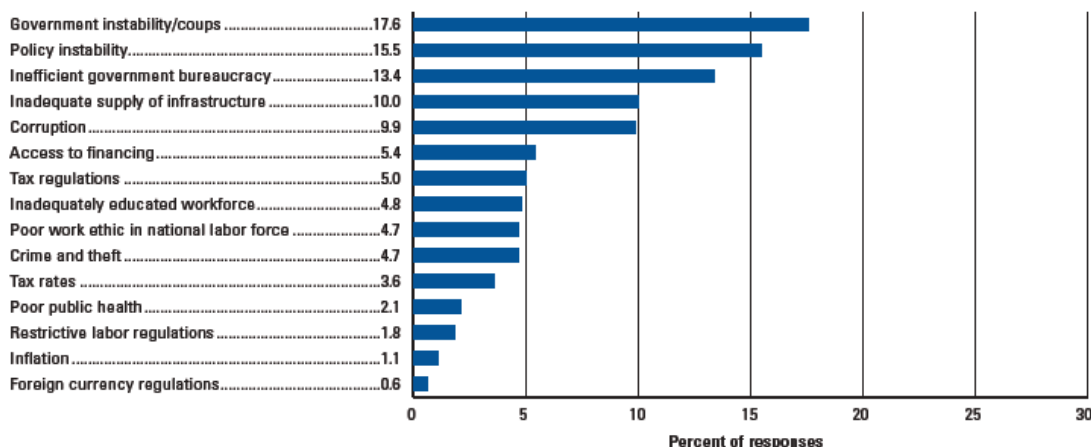
Calculations from the World Economic Forum and the World Bank (Lagumdžija, 2008, p.213) show BiH has moved down the Global Competitiveness Index of BiH in recent years, while the situation is gradually improving in neighbouring countries. In 2008/09 BiH ranked 107th out of 131 countries compared with a ranking of 61st for Croatia, 65th for Montenegro and 85th for Serbia.

When the constituent pillars of the World Economic Forum assessment are examined, substantial differences can be seen between areas. Although the situation is improving in terms of macro-economic stability (3rd pillar) and health and primary education (4th), there is slow deterioration in higher education and training (5th), labour market efficiency (7th) and innovation (12th). Higher education and training is particularly affected by inadequate staff training, restricted local availability of research and training services, low levels of secondary enrolment, substandard school management and the overall poor quality of the educational system. In labour market efficiency, BiH scores badly on reliance on professional management, pay and productivity, brain drain, cooperation in labour-employer relations and rigidity in employment.

Table 1 shows the key problems in doing business in BiH, highlighting instability in policy and government as the most important elements in discouraging foreign investment.

Table 1: Doing business in Bosnia and Herzegovina.

The most problematic factors for doing business



Note: From a list of 15 factors, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

2.2. Employment situation

The labour market in BiH is characterised by high rates of inactivity in the working age population, a high share of informal employment and very high unemployment. According to Labour Force Survey (LFS) data from 2009, the activity rate was at 43.6% (41.6% in FBiH; 47.4% in RS; 38.1% in BD) and there is a marked difference in activity rates for men and women (56.2% men to 31.9% women). In the same year, the employment rate was at 33.1%, again with

a big difference between men and women (43.2% men versus 23.7% women). Employment was highest in RS (37.2%), while FBiH and BD fell below the country average with 30.9% and 27% respectively. The unemployment rate given by the LFS (15+) increased slightly from 23.4% in 2008 to 24.1% in 2009 (25.6% for women in 2009 and initial results of the LFS 2010 show unemployment increased to 27.2% in 2010 for all of Bosnia and Herzegovina, up markedly from the 2009 level. According to the same sources, unemployment for the 15 to 24 age group was 48.7% in 2009 but figures for 2010 have jumped to a staggering 57.5%.

Data from LFS 2006 gave the share of informal employment at 33.6% of all employment (down from 41.3% in 2004) but LFS 2009 shows only 42.1% of those officially registered as unemployed in 2009 were technically unemployed according to the ILO as 35.1% of those registered were actually inactive and 22.8% were employed in the informal sector. These high levels of over-registration are due to the fact that individuals must be registered as unemployed in order to access free health insurance in BiH. Informal employment is mostly concentrated in sectors such as agriculture, construction, processing industries and wholesale and retail services¹. Young people are disproportionately represented amongst the informally employed.

The labour market participation of women in BiH is among the lowest of all Central and Eastern European countries. Inactivity is particularly widespread among women with low levels of education meaning that skill development measures are a necessary precursor to their activation.

There are an estimated 80,000 Roma living in BiH. They represent 2.1% of the population and only 3% of Roma are fully employed².

Table 2 provides an overview of the employment situation in BiH with comparison to the EU 27 and the 2010 Lisbon objectives.

Table 2: Comparison of the employment situation in BiH

	EU 27	EU 2010	BiH	
	2008	Objectives	2008	2009
Employment rate (15-64) (A)	65.9%	70%	33.6%	33.1%
Female employment rate (15-64) (a)	59.1%	60%	23.1%	23.7%
Employment rate of older workers (55-64) (b)	45.6%	50%	23.3% (2007)	
Employment in agriculture (% of total) (c)	5.7%			
Employment in industry (% of total)	24.9%			
Employment in services (% of total)	69.4%			
Unemployment rate (15+) (d)	7.0%		23.4%	24.1%
Female unemployment rate (15+) (d)	7.5%		26.8%	25.6%
Youth unemployment rate (15-24) (e)	15.5%		47.5%	48.7%

¹ See Employment strategy of Bosnia and Herzegovina 2010-2014, pre-draft, March 2010.

² See Ministry of Human Rights and Refugees, Action plan for solving the problems of the Roma in the areas of employment, housing and health protection, Sarajevo, 2009.

Unemployment rate of the elder workforce (55-64) (f)	5.1%			
Total long-term unemployment rate (%) (g)	2.6%			

Sources:

- (a) + (b) EU-27, Eurostat - Structural Indicators; BA: LFS
- (c) LFS; EU-27: European Commission "Employment in Europe 2009"
- (d) Eurostat, Structural Indicators; BA: LFS
- (e) EU-27: Eurostat - LFS series; BA: LFS
- (f) EU-27: Eurostat - LFS series
- (g) Eurostat, Structural Indicators

The unemployment rate for 15 to 24 year-olds in 2009 was 48.7% (rising to 57.5% in preliminary outcomes for LFS 2010), a rate more than double the 22.5% of the 25 to 49 year-old group. This indicates a serious failure of educational and employment institutions to manage school-to-work transition for young Bosnians.

Most of the jobless are in severe long-term unemployment and 83% of all the unemployed in 2009 had been out of work for 12 months or longer. Almost 50% of all the unemployed had been without a job for 60 months or longer, i.e. more than 5 years. Given that the likelihood of finding employment decreases steadily and significantly after about 6 months of unemployment, it can be claimed with some certainty that more than half of the unemployed are permanently unemployed and will be unable to find a job without help.

Thus, unemployment is concentrated amongst recent school leavers and the long-term unemployed. Although a lack of employment opportunities certainly contributes to the massive build-up of unemployment for both groups, the lack of appropriate ALMMs also plays a significant role as will be discussed in section 3.3.

Labour market mobility is restricted by the current administrative segmentation of BiH, but is also the outcome of defensive behaviour as a result of mass displacement during and after the war. There is no common database for job vacancies at State level and anecdotal evidence shows that firms do not use employment bureaus to fill vacancies. Companies are not obliged to register vacancies with employment bureaus in all cantons (there have been memorandums of understanding between employers and employment bureaus more recently, but the process is only just beginning) and informal channels are most commonly used by the unemployed when looking for a job.

2.3. Educational attainment

Table 3 shows that both secondary and primary education graduates face serious problems in entering the labour market. Many of those who complete only primary education, especially women, abandon the labour market completely and become inactive whilst those with secondary education seek a formal job and register as unemployed. The data show that tertiary education graduates predominate in employment and they are underrepresented among the unemployed and inactive, i.e. their share is smaller than their share of the working age population. The unemployment rate for school leavers with primary and secondary education is more than double that of tertiary education graduates (see Annex 3).

Table 3: Distribution of working age population (employed, unemployed and inactive) across educational levels

	Working age population		Employed		Unemployed		Inactive	
	Total	Women	Total	Women	Total	Women	Total	Women

Primary school and less (Low)	45.3	55.7	22.3	26.4	24.7	23.4	62.7	69.9
Secondary school (Medium)	47.6	38.3	63.3	55.6	70.2	70.3	34.1	28.4
College, university, masters, doctoral degree (High)	7.1	5.9	14.3	18.0	5.1	6.3	3.2	1.7
Total	100	100	100	100	100	100	100	100

Source: Agency for Statistics of BiH, LFS 2009 (any inaccuracies are due to rounding)

A comparison of the share of employed and unemployed persons on the basis of three levels of educational attainment provides a rough approximation of demand and supply on the labour market across educational levels.

Table 4: Excess supply and demand on the labour market by educational levels

	Employed	Unemployed	<i>Excess Supply / Excess Demand</i>
Primary school and less (Low)	22.3	24.7	+ 2.4
Secondary school (Medium)	63.3	70.2	+ 6.9
College, university, masters, doctoral degree (High)	14.3	5.1	- 9.2
Total	100.0	100.0	~0.0

Data: Agency for Statistics of BiH, LFS 2009 (any inaccuracies are due to rounding)

The share of employed people at the lowest educational attainment level is lower than their corresponding share of the unemployed. This indicates an oversupply of low-educated individuals on the labour market. The same is true for those with secondary education. Their share among the unemployed is even more divergent with their share of the employed than the figures for the low-educated. The reverse is true for those with higher education. This indicates an under supply, or excess demand, on the labour market for those with completed tertiary education, at an estimated 3,000 jobs per year between 2004 and 2008 (World Bank, 2009, p. 11).

When interpreting these results, it is important to bear in mind that inactivity is largely concentrated among those with primary education only. Thus, the oversupply of people with primary education identified above is heavily undervalued. It is fair to assume that the figures would be far higher if such a large proportion of the potential labour force with the lowest qualifications were not absorbed by inactivity. For those with secondary education, however, the indicator for over supply gives a realistic picture as inactivity plays less of a role here. The supply of individuals with secondary education is higher than the demand on the labour market. Structural changes within the economy, the lack of jobs and an oversupply of labour in general have put secondary graduates at a disadvantage.

2.4. Skills demand and supply

Recent developments show that deindustrialisation of the economy and a changing pattern in employment from blue to white collar workers tends to prioritise the area of 'soft skills' and puts a premium on higher education, although this premium is lower in BiH than in neighbouring countries (World Bank, 2009, p. 28). High unemployment across all educational levels, the

second highest in the region (Eurostat, 2009), allows employers to choose from a large reserve of surplus labour and fill vacancies with the best candidates, many of whom may even be overqualified, without having to pay a wage premium for the extra qualifications offered.

In the World Bank stated that the shortage of skills is substantial and, if left un-addressed, threatens to constrain future economic growth. Even though exports grew at 34% per year between 1995 and 2008, the growth of exporting, as well as import-competing industries is increasingly becoming constrained by the shortage of skills in the labor force “in two areas: (i) inadequate numbers of individuals trained in specific professions, encompassing all levels of the qualification ladder and including a deficit of mechanical engineers, administrative assistants, and welders for example; and (ii) a general lack of soft skills sought by companies who do business as part of the global value chain and who compete internationally. These include sales and communication skills, computer skills, foreign languages, managerial and leadership skills across all classes of workers, but especially among tertiary graduates” (World Bank, 2009: p. ii).

Employers associations and chambers of commerce and trade ‘expect a lot from education reform and they hope that the future labour force will be better qualified and will continuously upgrade and update their skills according to the needs’ (ETF 2008, p. 52). However, they are currently not very active in VET reform, most likely because the present labour market situation puts a large number of overqualified jobseekers at their disposal.

Long-term supply of skills will be negatively affected by the continuing outward migration and declining birth rate. Young cohorts are continually decreasing as a share of the total population in line with developments in the region. While approximately 20% of the population were aged 15 or under in 2000, this percentage is set to fall to 12.6% by 2030 according to the UN World Population Prospects. Outward migration has already taken a toll on the economy in Bosnia and Herzegovina, with estimated emigration of about 29% of all tertiary graduates in 2000 (World Bank 2009, p.17). This trend seems likely to continue, albeit at a lower rate.

2.5. Assessment of VET reform efficiency

2.5.1. Curriculum reform and links with employers

Some changes have been introduced to curricula, mainly through projects with ensured cooperation from employers, such as the new curriculum nomenclature that has moved from more than 500 classifications to 100 broader scope groups organised into 13 occupation families. Reformed modular and outcome-based curricula, have been developed for four of these occupational families. New student-centred methodologies have been introduced but curriculum reform has taken various approaches that have not always been well coordinated between entities and donors (ETF, 2006) and the ILO (2009, p35) reports that while ‘all VET schools in the RS have started to implement the modernised curricula, only one third of all VET schools in the FBiH are implementing one or more of these curricula’. The Agency for Pre-Primary, Primary and Secondary Education is currently planning an evaluation of the implementation of the new curricula.

Participants in a focus group organised by the ETF in Sarajevo in May 2010³ agreed that some improvements had been made in the VET system since 1998 (although no employers were present), but they also complained that specific problems and obstacles were slowing the reform process. They stated that VET is mainly supply driven with little consideration for the needs of the labour market (due largely to a lack of systemised information on skills needs and forecasts), that coordination between schools and government bodies is not effective, and that schools have difficulties in changing the curriculum due to the shortage of well-trained teachers and up-to-date equipment.

Despite these difficult circumstances, however, there are some cases of good partnership between schools and employers and the VET Department of the Agency for Pre-primary, Primary and Secondary Education has drawn up a list of good initiatives from various entities, cantons, economic sectors, sizes and types of schools (see Annex 2). The examples of good practice identified show interesting outcomes while underlining the often difficult administrative process facing VET schools that attempt to develop projects as well as the lack of public resources for adult learning.

³ All statements in the paragraph come from the minutes of the focus group meeting.

2.5.2. Changing enrolment patterns in upper-secondary and higher education

Enrolment in tertiary education increased steadily from 63,000 in 2000/01 to 84,000 in 2004/05 and 105,000 in 2008/09, showing one of the highest rates of increase in the Western Balkans⁴ and presumably also accounting for some of the slight reduction in youth unemployment observed to 2008. At the same time, global enrolment in upper secondary education decreased from 170,000 in 2001/02 to 167,000 in 2004/05 and to less than 150,000 in 2008/09 according to the Trans MONEE database⁵. Thus, in the last four years, the ratio between enrolments in tertiary and upper-secondary education has grown. This increase in tertiary education enrolment is due to a significant increase in the number of secondary technical education graduates (whose enrolment rate increased from 46% to 53% during the same period)⁶ going on to tertiary education. This is confirmed by anecdotal evidence from visits to VET schools of an increasing number of 4-year technical education graduates continuing into higher education after graduation.

This increased number of students in tertiary education seems to respond well to the labour market demand for higher qualifications⁷ at least in theory. However, there is a high drop-out rate (BiH CoM, 2010, p. 27) and the final graduation rate is extremely low (ETF, 2008a, p. 14).

2.5.3. Post-secondary or higher vocational education

The Strategic Directions for the Development of Education 2008-2015 (EU-ICBE 2008, p19) proposed the creation of 'various opportunities for professional development of secondary vocational school graduates, as well as for continuation of their education in the field of their vocation, within the framework of higher education and at universities, together with adequate counselling and support,' in line with changes and on-going reforms in most EU countries and a number of Western Balkan countries. The Directions address both the perpetual demand from young people wishing to continue their studies and employer requirements for higher levels practical skills not necessarily supplied by traditional academic universities but they have not yet been implemented. The recent increase in the number of technical education graduates entering tertiary education provide further arguments for reconsideration of the proposal.

Outside the universities, the Framework Law on Higher Education contains provisions for colleges and although no explicit reference is made to 'professional' studies these institutions could still play a valid role in furthering this perspective. Discussions are also underway on development of post-secondary VET in line with the new qualifications framework. The discussion document⁸ has identified a level 5 for post-secondary education, but references made to 'master craftsman exams' appear to refer to the traditional division of work in the craft sector and not to the development of higher level skills in the knowledge-based economy. There are no references to professional studies at levels 6 or 7. Overall, the context suggests there is a need for in-depth reconsideration of proposals for post-secondary and higher vocational education. A new arrangement could provide an attractive and shorter alternative for the large numbers of students coming into higher education from technical education. Such a move could help reduce the high level of drop-out from universities and could offer the labour market higher level qualifications that continue on from existing levels.

2.5.4. Trends in enrolment on 3-year vocational courses

Meanwhile, the enrolment rate in 3-year vocational courses is decreasing rapidly, representing around 20% of total enrolment in upper secondary education against 30% in 2003/04. This decrease is even stronger in absolute terms given that total enrolment in upper secondary is also decreasing. These 3-year vocational courses are the section of education most complained about by employers in terms of the inadequacy of the qualifications provided and the mismatch between supply and demand: for instance, there is a severe shortage of qualified welders in the country. Levels of training are expected to improve as the 9-year cycle of basic education becomes more widespread. Once this is in place, the students enrolling in upper secondary education will all be equipped with better knowledge and competences when starting secondary

⁴ Only Albania and Montenegro exhibit higher growth rates for the period (Trans MONEE database)

⁵ The Trans MONEE database is developed by the UNICEF Innocenti Research Centre. It captures a vast range of data relevant to the social and economic situation and well-being of children, young people and women in the countries of Central and Eastern Europe and the Commonwealth of Independent States (CEE/CIS).

⁶ The increase does not come from 3-year secondary vocational education graduates, at least not directly, as they must study for an additional year to complete the 4-year programme to qualify for University.

⁷ See Section 2.3

⁸ Baseline of the Qualifications Framework in Bosnia and Herzegovina, May 2010

school and developments in VET curricular reform will also improve the situation over time. Demographic change may worsen the shortage of young graduates at this level.

Very little explicit attention has been placed on the situation of 3-year and 4-year vocational education graduates in the strategic documents recently adopted or under discussion, except for one recommendation by the Council of Ministers that the share of vocational classes should cover 60-70% of the curriculum instead of 55-60% in 4-year technical education (Council of Ministers BiH 2006). The Framework Law on secondary VET refers to the issue obliquely in the objective: 'to ensure conditions for the development and promotion of traditional crafts'. Beyond traditional crafts, however, there is a critical need for modernisation of the occupations covered by the 3-year pathways, ideally in close cooperation with social partners and possibly within apprenticeship schemes. The skills shortage and improved education are particularly important in view of the expected demographic decline that will worsen shortages of young qualified individuals in some professions. Again, on-going discussions relating to the qualifications framework could provide the platform for addressing this issue.

2.6. Adult learning

According to the ILO, only a small proportion of the working age population (3.3% of youth and 1.9% of adults) are currently offered any opportunity to upgrade or to change their skills, despite the legal provision obliging enterprises with more than 50 employees to provide training for workers who have been working between 6 and 12 months. An ETF study (2009a) concludes that 'adult education and training is provided in different settings, which correspond partially to the variety of needs identified. VET schools make up the majority of providers. Some NGOs also provide training but this does not lead to certification and most of this is paid for by participants with only 5% State funding.'

The same study identified a range of serious obstacles as well as some promising initiatives. The obstacles include low motivation for training among individuals and enterprises as high levels of unemployment provide a plentiful but poorly qualified workforce. Also, training providers such as VET schools are not encouraged to develop training for adults as conducive regulations do not exist, and the training currently available does not provide an attractive response to the needs of individuals and businesses.

Promising initiatives from Ministries, vocational schools, employment services, enterprises and NGOs, are listed in Annex 2. The Framework Law on Secondary VET (2008) includes a provision for adult education and a Law on Adult Education has been adopted in the RS. In addition, a strategy for adult training is planned within the EU VET IPA project on the basis of the main findings of the ETF study (2009a) and a Framework Law on adult education is also in the pipeline. Pilot activities will be implemented in priority sectors.

3. External efficiency: promoting equity and addressing social demands for education and training

3.1. Risk of social exclusion

Women play a marginal role in the labour market in Bosnia and Herzegovina and show a lower activity rate than men (31.6% to 57.1%). Anecdotal evidence suggests that this is partly due to on-going transition and the lack of jobs but is also due to the impact of a war that put women in a weaker position where they were willing to play a more traditional and conservative role in society and in the family. Anecdotal evidence from the ETF mission, interviews clearly shows that women are less eager to fight for equality and emancipation than in the days of the Socialist Yugoslavia. Educational level also plays an important role as more than two thirds of all inactive women have primary education or less (see Table 3).

High unemployment among young school leavers and massive long-term unemployment heighten the risk of poverty and social exclusion for a considerable part of the population of BiH. Better skills and professional training will be needed to improve this situation and facilitate the

employment or return to employment of these groups. Specific adult learning and training would be particularly beneficial to those in long-term unemployment.

National minorities like the Roma and persons with disabilities represent particular challenges for Bosnia and Herzegovina. Approximately three quarters of all Roma have never attended primary education.

Better social inclusion will depend largely on the development of specific measures matched to the needs of various groups that are excluded or at risk of exclusion. Initiatives must be developed to mobilise all relevant actors and intermediaries, including local authorities, NGOs, training providers, social partners, municipalities and other bodies through adequate incentives and awareness-raising campaigns.

3.2. Inclusive education

A recent ETF study (2010) states that progress has been made on legal frameworks and policy papers on a more inclusive education and training system for the country (MoCA 2008) but effective implementation remains a challenge. Access to education for some of the most vulnerable groups (Roma, children from remote areas and girls) is still an issue of particular concern despite careful implementation planning. Budget restriction and the fragmented financial framework within the education sector are partly responsible for this.

As in most countries in the region, the ETF study found that 'inclusive education is a hot issue faced by primary and secondary school teachers on a daily basis. Some teachers work largely independently to develop the relevant competences on an ad hoc basis, but they are rarely supported by any systematic initial or in-service training. (...) The introduction of rudimentary elements of the social inclusion paradigm is still largely reliant on the intuition and enthusiasm of individuals in the government or NGO sectors. (...) it seems that inclusion in education is most widely understood in its narrowest sense as the inclusion of students with special intellectual, physical and sensory needs mostly in regular primary schools, while important aspects relating to the inclusion of cultural diversity and secondary education are skewed, particularly in the VET sector (...)' (ETF 2010, p7) The same report also stated that teachers need support to develop their own competences in areas such as individualised approaches to teaching and learning, group management knowledge and skills, and cooperative attitudes.

In this context, as in other Western Balkan countries, the role of VET in enhancing social inclusion and cohesion seems to be underestimated (ETF 2010a, p. 40). In BiH, no specific responsibility is attributed to implementing inclusive education policies in VET, despite the fact that the VET Development Strategy mentions marginalisation and the promotion of social inclusion as one of its priorities.

In the 2009 Employment Policy Review, ILO proposed the introduction of 'for the Roma population [of] well-targeted programmes combining remedial education with livelihood and work skills' (ILO 2009, p39). This type of initiative could be easily developed in cooperation with renovated VET schools and adequately trained vocational teachers.

3.3 Active labour market policy

The Employment Bureaus of the Federal Employment Institute (FZZZ and ZZZRS) and the cantonal Employment Bureaus in the Federation are responsible for registering the unemployed and ensuring health insurance coverage, paying out benefits to the unemployed and to veterans, providing labour market information and keeping track of local vacancies as well as providing counselling and engaging in active labour market policies. In reality, the action of these bureaus is restricted to registering the unemployed and paying benefits (World Bank 2009; ILO, 2009) due to both understaffing⁹ and a legally imposed hierarchy in the use of unemployment funding that allows only a minor residual role for active labour market policy.

Overall spending on active labour market policies amounted to 0.27% of GDP in 2004 across all of Bosnia and Herzegovina (ILO, 2009, pp. 44-45), in comparison with 0.45% for the EU 27 in

⁹ There were a total of 759 employees in all the employment bureaus of Bosnia and Herzegovina in 2006 (ILO, 2009) representing a staff to client ratio of 1:1,000 (pp. 42-43), These figures are dramatic and show clear understaffing by all standards. There has been little improvement since that date. See also the CARDS, report on employment issues (CARDS, 2008).

2008¹⁰. The situation worsened in 2008 when there was even less money available for ALMMs due to the economic crisis, particularly in the FBiH (ETF 2009a, p. 25). Spending on active measures is volatile and genuinely unplanned as the legal framework prescribes that funding must first be used to cover the administrative costs of bureaus and the provision of benefits with only residual funds ear-marked for ALMMs.

Additional limitations are imposed by the priority given to employment (wage) subsidies: measures that are very expensive and ineffective in terms of sustainable labour market integration of the unemployed according to recent analysis¹¹.

Overall, the active labour market interventions implemented in BiH are seriously insufficient given the significant problems of youth unemployment and long-term unemployment. This situation is only worsened by their sporadic, unsystematic and scattered nature due to the residual funding approach described above.

4. Internal efficiency, quality, governance and financing

Sections 1 to 3 show some progress has been made toward reform of the VET system but problems persist in terms of external efficiency and effectiveness. Section 4 will explore financing issues, social partnership, school autonomy, monitoring and evaluation.

4.1. Financing issues

Tables 5 and 6 show that investment in education, and VET in particular, is not low in Bosnia and Herzegovina when compared to other countries in the region. However, the low quality of training, especially in terms of outdated equipment, undermines the efficiency of the system and the heavy administrative fragmentation leads to wasted resources.

Table 5: Total public expenditure on education as a percentage of GDP

	EU	HR	BiH	MO	AL	TR ¹²
2001	4.9				3.3	3.7
2002	5.1	4.3			3.0	3.6
2003	5.1	4.5			3.1	3.7
2004	5.1	4.5	4.3	4.6	3.2	4.1
2005	5.0	4.6	4.3		3.2	
2006					3.0	

Sources: EUROSTAT structural indicators (12/06/2008 extraction) for EU countries plus Croatia and Turkey; EUROSTAT Pocket book on Candidate and Potential Candidate countries, 2008 edition for Albania; Public expenditure and institutional review by the World Bank, 2006 for BiH; National sources for Montenegro and BiH.

¹⁰ The pre-draft Employment strategy reports an even worse situation in FBiH where the budget allocated to ALMMs is evaluated at 0.11% GDP in 2007, around 5 times less than in the EU (see Annex 4), while the unemployment rate is 2 to 3 times higher (ILO, 2009, pp. 22-23). At the same time, allocation per beneficiary is relatively high (of active measures) in comparison with other countries in the region, meaning that very few individuals benefit from those measures.

¹¹ EU funded project *Employment Policy Reform and Establishment of Labour Information System, Situational Analysis Report*, first draft, January 2008.

¹² A World Bank report from 2005 'How Much Does Turkey Spend on Education' gave an estimate of 4.5% in 2002 ; but OECD quoted 3.6% of GDP in 2003, up from 3.4% in 2000, in *Education at a glance 2006*.

Table 6: Share of public expenditure on education per education sector (%)

	HR 2005	BiH 2004	MO 2004	AL 2004	TR 2002
Primary	47	55	60	62	46
General secondary		7		14	12
Vocational/Technical secondary		21		5	9
Total secondary	25	28	25	19	21
Higher education	28	17	15	19	33
Total	100	100	100	100	100

Sources: for BiH: *Financing of VET in Bosnia and Herzegovina* by Aalborg Technical College, Aarhus Technical College and CPI-Center for VET of Slovenia, EU VET programme II, 2006, *A Public Expenditure and Institutional Review*, 2006, World Bank; for Croatia RSO, *Croatia report*; for Montenegro, Ivana Petricevic and Cazim Fetahovic, *Study on VET Financing, Montenegro Report*, ETF peer learning 2006; for Turkey, *National Education Statistics 2006-2007*

Table 6 shows the share for VET amounts to 21% of total public spending on education. This is three times the amount spent on general education, which corresponds to some extent with the respective enrolment proportions. However, VET spending should really be higher as this type of education is more expensive than general education and families are increasingly having to contribute to the cost of education. According to the World Bank, 'the cost of education is the second most prevalent reason for non-continuation of schooling beyond the compulsory level' (World Bank, 2009b: p. 21 and Council of Ministers BiH 2009b: p. 84). The World Bank study places private expenditure at around 10% of average per capita consumption. The costs for specific expenses in practical training mean this percentage could be even higher for VET, although the additional expenses might not necessarily be carried by private households but rather by schools or participating firms¹³.

The World Bank (2009b) confirms that there is a lack of efficiency in relation to high public spending on education. The document assessed the situation as inefficient and inequitable, with more spent on education than in any other country in South Eastern Europe but for worse results, characterised by low coverage and inadequate educational achievement. Quality is thus at stake in secondary VET despite public spending on education that is relatively high in comparison to standards in the EU (4% GDP in RS, 6% in FBiH and 11.2% in BD compared with 5.1% in the EU). Draft strategy documents and other reports and studies emphasize low teacher pay¹⁴, poorly developed teacher training and the lack of up-to-date technological equipment in vocational schools (apart from those supported by projects with the EU or other donors). Moreover, the EU VET II programme report (2006, p. 42-46) highlighted substantial differences in cost per student between schools, particularly due to differences in teacher pay and school size. These results suggest that the logic behind education funding depends more on the financial power of the administrative authority (canton, RS, municipality) than actual school needs.

The draft Development Strategy 2008-13 has suggested that a review of secondary VET funding will contribute to macro-economic stability. The draft Social Inclusion Strategy calls for education funding reform targeting increased efficiency as one of its priority measures. This should be achieved by establishing new (more efficient) financing models, defining the needs for additional investment in education (promoting cost sharing approaches) and establishing educational norms and standards in line with EU standards. Another crucial element is to enable vocational schools to have make use of funds obtained through commercial activities without having to go through complicated administrative procedures (Council of Ministers, 2007).

It is particularly important to move towards a per capita allocation of funding and to start introducing consideration of outcomes in allocation mechanisms. On-going pilot activities foreseen in the context of IPA programmes are likely to provide good lessons. The World Bank had already proposed a feasibility study into per capita allocation of funding in education

¹³ A 2006 study undertaken within the context of the EU VET II programme (2006) reports a less alarming situation in the 12 vocational schools involved in the programme with an average voluntary parental contribution of an estimated 5% of the total budget.

¹⁴ The World Bank argues that reducing or moderating increases in teacher salaries could provide the most important budget savings in the medium term. The institution also states that Governments should adopt policies that ensure teacher numbers decline in proportion to any future decline in enrolments (World Bank 2006, pp. 80-81)

accompanied by accountability and outcomes indicators, but this was blocked at the political level. In the present system, financial resources are managed at canton or entity level with responsibility attributed to local authorities. The implication is that criteria and approaches may be quite different from canton to canton meaning the outcome in terms of efficiency and quality therefore depends largely on the quality and commitment of the administrators.

There is also a need for rationalisation of the VET schools network. In RS, some schools have been closed down in an effort to optimise the system with transport to other facilities organised for the students concerned. However, these measures have received tough public criticism and they are very unpopular. Greater transparency and close cooperation with parents and the local community would be necessary and highly advisable in any future attempts at restructuring.

4.2. Governance

4.2.1 Social partnership

Many documents stress that education is the most politicised sector in Bosnia and Herzegovina. There was even a proposal to draft a 'rule book to provide for a democratic election of headmasters without any political interference, strengthen the autonomy of schools which should be exercised on curriculum, election, employees and funding, limit the size of the school boards for better efficiency' and the Framework Law on VET makes provision for this.

The key governance issue in VET is the involvement of social partners at all levels. An EU project is currently working to establish a State level Economic and Social Council to oversee the lower level councils already in place. The Framework Law on VET contains provisions for State Advisory Councils composed of employers, trade unions and competent education authorities at the entity, canton and BD levels

The lack of progress so far demonstrates the degree of difficulty to be overcome in establishing these bodies, as there is widespread resistance to their State or quasi-governmental role. Social partners are still rather reluctant to take an active role because of the limited attractiveness of VET schools and the rigidity of procedures. However the experiences of pilot VET Councils set up under the EU VET I and II projects may provide further pointers and recent research (ETF, 2008) has reported the willingness of social partners to contribute to VET reform, provided they are given more than a consultative role.

The inclusion of social partners could be especially fruitful in the development of incentives for adult training, in the analysis and forecasting of labour market needs and in the development of cooperation on new courses and practical training with VET schools and universities. The creation of synergies and development of mutual trust are essential and some of the experiences shown in Annex 2 prove that this can be achieved.

4.2.2. School autonomy

The EU VET II programme report (2006: p. 45) emphasised how the budget allocation structure has limited opportunities for the institutional development of schools. This allocation structure prevents VET schools from engaging effectively in cooperation with their economic environment, including social partners and other key actors, and from extending their activities on the back of resources earned from their independent commercial activities. Greater school autonomy has therefore been advocated in many documents (Council of Ministers BiH 2006; EU VET III project, 2008) and it is seen as a pre-condition for social partner involvement in VET.

The new school board concept provides opportunities for dialogue with local stakeholders. However a report on the operation of the school boards (OSCE, 2006) identified many problems similar to those mentioned in the previous paragraph. This puts their work under direct pressure from political parties to the detriment of the schools and, ultimately, the students. The report recommended a review of legislation, establishment of appeal processes and clarification of the term 'local community' and went on to emphasize the good practices promoted by the Centre for Civic Initiatives in Tuzla Canton in educating and supporting school boards. The document praised the initiative undertaken by the school board in the Tuzla Electrical Engineering Secondary School and some schools in the RS of inviting expert guests in to discuss school development issues and reduce politicization (OSCE, 2008: pp. 44-45).

Clearly, existing legislation and procedures already allow for the engagement of economic actors in discussion with vocational schools in some cantons. Further initiatives concentrate on the

election of social partners to School Boards and of the establishment of an Advisory Council for each school, as planned under the law.

4.3. Quality assurance

According to the Framework Law on VET, the Agency for Pre-Primary, Primary and Secondary Education is now responsible for the implementation, monitoring and improvement of curricula, as well as for the issues of standards and quality. This would mean the establishment of standards for student assessment through a final *Matura* examination, external evaluation of schools and initiation and monitoring of the process to develop occupational standards. At present, quality monitoring and support is implemented through eight Pedagogical Institutes with insufficient capacity and poor definition of functions, particularly in relation to VET. The Agency only became operational in early 2009 and the internal organisation process is not yet complete.

The development of a quality assurance mechanism in line with the European Qualification Assurance reference framework for VET (EQA-VET) would be particularly useful in a country like Bosnia and Herzegovina given the extremely fragmented administrative organisation and also because of the need for greater autonomy among VET providers. This would lead to the development of assessment, including self-assessment of providers (including VET schools), the development of indicators and a monitoring system at policy and system level.

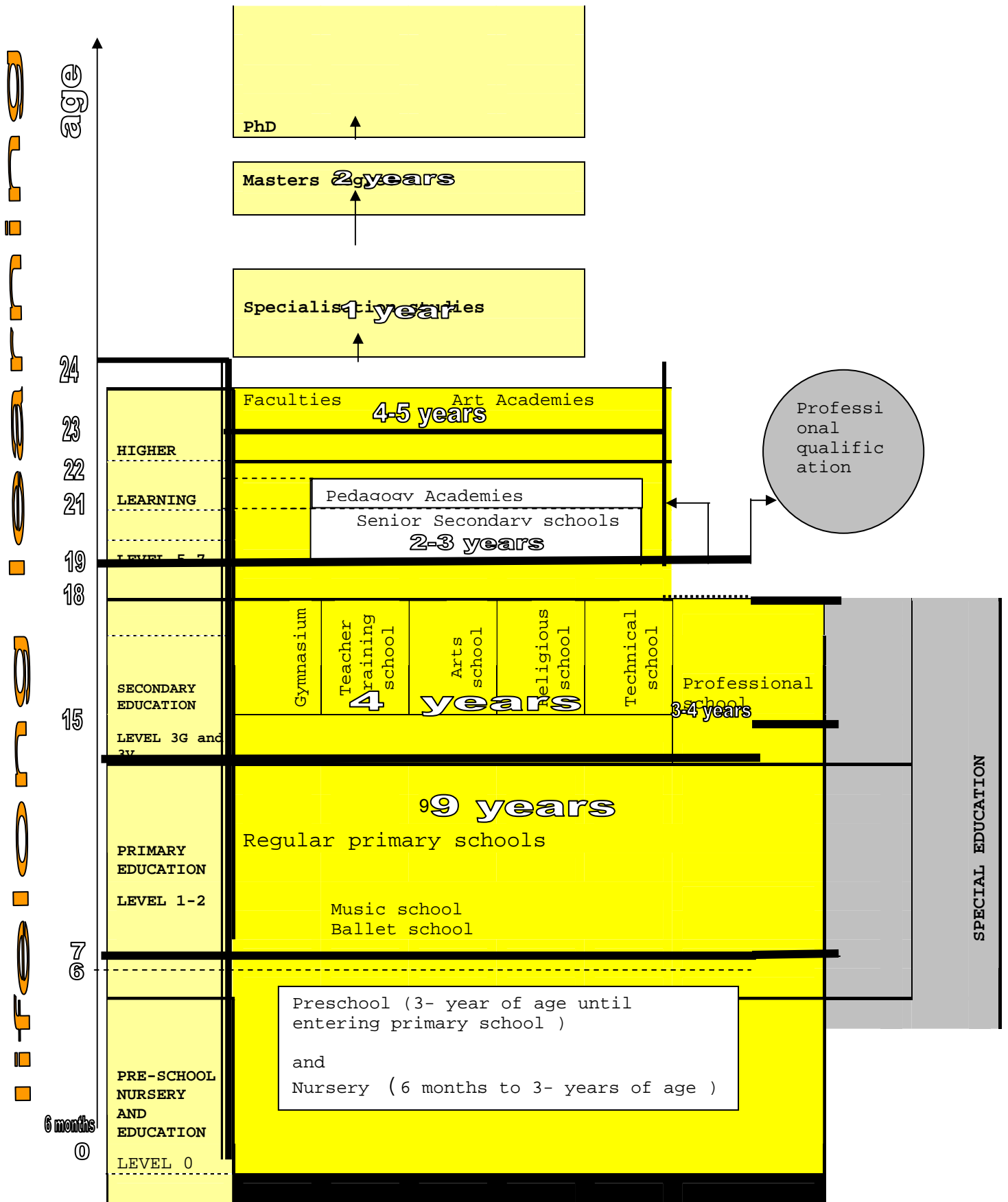
5. Innovation, partnership and entrepreneurship

Innovation is promoted under the Framework Law on VET which makes provision for the design and implementation of school-based curricula (for up to 30% of the overall curriculum) as well as for school autonomy in the design and implementation of training programmes to meet local labour market needs. It is clear from the identification of good practices that some schools have already explored these possibilities but there is also evidence from school visits that the initiative, although well designed, can be blocked by administrative decisions of school boards without good reason. This relates back to the issue of governance and school autonomy raised above.

Once again, the list of good practices shows that some VET schools have been able to conduct partnership activities with employers with a view to implementing practical training or promoting adult training. There is less evidence of partnerships with local actors such as employers, employment offices, local authorities and other stakeholders in developing education and training. Although cooperation between schools is foreseen by the Framework Law, there is little evidence of this on the ground and those examples that do work well are often based on the individual initiative of school directors or teachers who seek cooperation in order to improve the system and increase their students' chances of finding employment. Naturally, the availability of funding is a crucial element in the success of these innovative projects.

According to the report on Progress in the Implementation of the European Charter for Small Enterprises (OCDE, 2009), all Ministries of Education participate in a working group to advance discussions on building entrepreneurial learning strategies. This process is focused more on non-formal entrepreneurial learning and tertiary level education while entrepreneurship promotion at upper secondary level has seen slow progress despite some good examples within VET schools. For instance, some 75% of VET schools in the RS have already made entrepreneurship a module within the curriculum, while a similar feature is seen in schools in FBiH (71%), and evidence for teacher training is confined to vocational education. There is now a great need for systematic monitoring and evaluation of the entrepreneurial learning effort.

Annex 1: The education system in Bosnia and Herzegovina



Secondary education is provided by general, vocational and technical secondary schools. Pupils graduating from general secondary schools, art schools and theology schools obtain the *Diploma* and can enrol in any faculty or academy by passing the qualification examination prescribed by the institution.

Vocational and craft secondary schools offer courses lasting for three years, including a period of practical instruction. Technical secondary schools offer courses lasting for four years. Pupils graduating from technical secondary schools obtain the *Diploma* and can enrol in any Faculty or Academy by passing the qualification examination prescribed by the Institution.

The BiH VET system is part of the overall education system and aims to develop the general, personal and vocational skills of young people. The overall objectives of VET are laid down in the Framework Law on VET that states the dual aims of providing trainees with vocational qualifications that are formally recognised and in demand on the labour market as well as the general and personal qualifications that provide opportunities for lifelong learning and active citizenship.

Education in the regular system and adult education or continued VET are the two key sub-systems. There are no specific curricula for adult education. Enterprises that submit requests to public services for help in training or retraining staff create their own curricula and do not require certificates of any sort. Certificates are issued by all organisations engaged in any form of adult education, although these are usually more proof of attendance than proof of a level of knowledge or skill.

The Framework Law on Adult Education has not yet been enacted at the State level. The Ministry of Civil Affairs planned to develop this Law within the IPA programme for 2009. However, there seems to be a lack of consensus within the Conference of Ministers of Education in regard to adoption of a focused strategy to address this issue. The National Assembly of RS adopted a Law on Adult Education, which envisages development of the Education Plan and creation of the Institute for Adult Education. The FBiH Ministry of Education has not yet taken any action on the Adult Education Law.

The VET Advisory Council, appointed through the EU VET II and VET III projects, no longer exists due to a lack of commitment from representatives of government bodies and unresolved ownership issues. There is no other Coordination Body or platform in place to address the issue of adult education.

Annex 2: Outstanding partnership practices in VET

Tesanj vocational school (Zenica Dobož Canton, FBiH) has been involved in all EU VET programmes since 1996 and delivers courses based on modular curricula. It is well equipped particularly for CAD/CAM. The school and local social partners have formed an advisory council taking the first steps in developing collaboration through enterprise-based practice for young students, delivery of services to employed workers and the joint development of adult education striving to meet the needs of local enterprises.

Gracanica Centre for Adult Education (Tuzla Canton, FBiH) is a private institution which provides adult education in accordance with existing modular curricula in: (i) further education and training in mechanical engineering, electrical engineering, tourism and catering, civil engineering and transport (ii) acquiring qualifications for a first-time career, and; (iii) vocational training (for less complex trades such as bricklayer, carpenter, concrete reinforcement worker, ceramic tile layer, housepainter, etc.) On completion of programmes, trainees receive diplomas in the form of formal qualifications, certificates of competence or certificates of course completion, depending on the programme. Trainees and employers bear the costs of education and training. The Centre has well established co-operation with companies.

Banja Luka Agricultural School has joined the Chamber of Commerce and Industry of RS. It cooperates with associations of bakers, butchers and milk producers. As a result, the school organises combined classes for gardeners and wine-growers as well as butchers and milk producers according to the needs of the labour market. The school has signed an agreement with the Association of Bakers of Banja Luka to provide scholarships for 6 students at each grade.

Dobož Transport and Electrical Engineering School (RS) adjusted its enrolment strategy to the requirements of the local labour market. Two years ago, the school formed a new class for professions required by the RS postal services. Additionally, the school developed new curricula for retraining and prequalification of workers employed by the RS Railways. The school cooperates with the business sector in the development of curricula and training programmes for adult education.

Gradiška Technical School (RS) co-operates with private businesses on the basis of an agreement for the organisation of practical training. The school claims its success in adjusting its enrolment policy to needs of the labour market is negatively affected by the shortage of teachers and the long approval procedure required by the Ministry of Education which requires the establishment of 2 classes for each new profession in accordance with the rules.

Trebinje Secondary School Centre (RS) has signed agreements for the organisation of practical training with private businesses. Their experience is quite positive, showing in particular that students attending practical training in companies are more likely to gain subsequent employment. Centre staff expect improved cooperation with the business sector when they implement the planned school advisory council.

Sarajevo Secondary Agricultural-Veterinarian and Food Processing School has largely adopted the EU VET programme curricula. It cooperates with all relevant partners and stakeholders in defining enrolment policy and the provision of adult education and training programmes. Members of staff were trained on a school market orientation programme within the EU VET I Project. Practical training is offered on school premises and in local companies. Adult education and training is now offered in accordance with the Cantonal Law on VET with approval from the Pedagogical Institute. Most students pay their own fees, with some exceptions where companies cover expenses for their employees.

The Sarajevo Tourism and Catering Secondary School is one of the leading tourism and catering schools in BiH. It implements 3- and 4-year occupational courses from the Classification of Occupations and has established good links with local companies in order to provide practical training. Enrolment policy is defined in cooperation with local authorities, the local Pedagogical Institute, the information provided by the Employment Office and needs expressed by local companies. However, there is a lack of tracer studies to assess the labour market situation of former graduates and the impact of new curricula revised under the EU projects. Some teachers were thoroughly trained in survey methodology in order to complete qualitative analysis of labour market needs. By law, the school is allowed to design up to 30% of the curriculum in agreement with local companies. Every year the school publishes the offer of adult training for those

occupations, and the courses are approved by the Canton Pedagogical Institute. The school also offers adult training that does not lead to a formal qualification and local companies recognize the value of the certificates issued by the school.

Association for Entrepreneurship and Jobs (LiNK) in Herzegovina-Neretva Canton

organises training for the unemployed in cooperation with schools and enterprises. Through the Employment and Entrepreneurship in Mostar project supported by the Italian Unidea-UniCredit Foundation. LiNK developed a permanent system of professional training, able to meet the needs of local entrepreneurs. The project has developed training programmes for seven professions in co-operation with secondary VET schools and Džemal Bijedić University, on the basis of a Croatian experience adjusted to local needs and approved by the Ministry of Education. The structure involved short training programmes in secondary schools with obligatory practical training in companies. Upon completion of training the young people (aged 18 to 35) were provided with certificates or diplomas approved by the Ministry of Education.

Regional Development Agencies are also active in providing specific training in cooperation with schools or universities. For instance, training is offered in CNC machines in central BiH in cooperation with the University in Zenica; supporting the development and expansion of SMEs and creating or conserving jobs in the North-East. In the South-East, the re-training of 44 unemployed individuals has been organised in occupations not included in the education system through the Secondary Economic School in accordance with the programme approved by the Ministry of Education of the Sarajevo Canton. On the basis of this project, a Centre for prequalification has been established where the South-East Regional Development Agency is planning to establish and develop cooperation with other VET schools as well as with the Employment Offices.

Adult training centres under the employment services, in particular in Bihac providing training in the construction field and using the ILO modular competence based approach but with a limited capacity of 160 persons per year (Council of Ministers B&H 2009a, p. 91), and in Goradze in mechanical engineering well equipped with CNC machines.

Some NGOs are particularly active in promoting lifelong learning particularly through festivals or media campaigns (AMICA EDUCA in Tuzla) or by working on collecting information of good practices of adult education as well as assessment of labour market needs and contributing to the public debate on the draft Law on Adult Education (RODA in Sarajevo produced a database of 840 institutions and organizations involved in adult education and training).

The Zenica University is an integrated University that has plans for a technological park that will promote research and co-operation with local businesses. The University has established a Business Incubator and Start-up Centre with partners from the region that is particularly active in the promotion of innovation and entrepreneurship learning.

Bibliography

- Bosnia and Herzegovina Council of Ministers, (2006), VET development strategy 2007-2013, Council of Ministers, Directorate for Economic Planning, draft document, November 2006
- Bosnia and Herzegovina Council of Ministers, (2007), Framework Law on Higher Education in Bosnia and Herzegovina, 2007
- Bosnia and Herzegovina Council of Ministers, (2008), Framework Law on Secondary VET in Bosnia and Herzegovina, (2008), Bosnia and Herzegovina Council of Ministers, (2009a), Development Strategy of Bosnia and Herzegovina, Council of Ministers, Directorate for Economic Planning, draft document, July 2009
- Bosnia and Herzegovina Council of Ministers, (2009b), (draft) Social Inclusion Strategy of Bosnia and Herzegovina, Council of Ministers, Directorate for Economic Planning, Draft Document, September 2009
- Bosnia and Herzegovina Council of Ministers, (2010), Employment strategy of Bosnia and Herzegovina 2010-2014, pre-draft, March 2010
- Bosnia and Herzegovina Labour and Employment Agency, (2008) Final Report. Strengthening of the Institutional Capacity of the State Agency for Labour and Employment of BiH, 2008
- Bosnia and Herzegovina Ministry of Civil Affairs (MoCA) (2008), *Development of Education in Bosnia and Herzegovina, State report*, October 2008
- CARDS, (2008), Report on Status Analysis, Active Measures of Employment in BiH, Page 31, 2008
- European Commission 2009, *Bosnia and Herzegovina 2009 Progress Report*, Commission staff working document accompanying the Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2009-2010 (COM (2009) 533)
- European Training Foundation (ETF), (2006), David Parkes and Soeren Nielsen, The Reform of Vocational Curricula, Outcomes of the 2005 Peer Reviews in Bulgaria, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, and Serbia, ETF, 2006
- European Training Foundation (ETF), (2006a), Anastasia Fetsi and Meri Lorencic, 'Education and training for disadvantaged people in South East Europe,' in ETF Yearbook 2006 Skills Development for Poverty Reduction, ETF
- European Training Foundation (ETF), (2007), Bartlett William, 'Economic restructuring, job creation and the changing demand for skills in the Western Balkans', in *Labour Markets in the Western Balkans: Challenges for the future*, Anastasia Fetsi, ETF, 2007
- European Training Foundation (ETF), (2007a), Jean-Raymond Masson and Anastasia Fetsi, 'Human capital and education reforms in the Western Balkans', in *Labour Markets in the Western Balkans, Challenges for the future*, Anastasia Fetsi, ETF, 2007
- European Training Foundation (ETF), (2008), Gordana Dokic and Haris Huskic, *The role of social partners in VET in lifelong learning perspective, Bosnia and Herzegovina*, Background study, ETF working paper, February 2008
- European Training Foundation (ETF), (2008a), Meri Lorencic, *Human resources Development Country Analysis Bosnia and Herzegovina*, ETF working paper, May 2008
- European Training Foundation (ETF), (2009), Jean Raymond Masson and Meri Lorencic, *Needs and perspectives for the development of adult learning*, ETF working paper, February 2009 (F)
- European Training Foundation (ETF), (2009a), *ETF Country Plan 2009 for Bosnia and Herzegovina*, ETF Working document, 2009
- European Training Foundation (ETF), (2010), Leila Kafedzic, Tamara Pribisev Beleslin and Selma Dzemedzic Kristiansen, Mapping Policies and Practices for the Preparation of Teachers for Inclusive Education in Contexts of Social and Cultural Diversity, Country Report for Bosnia and Herzegovina ETF Working document, January 2010

European Training Foundation (ETF), (2010a), Natasa Pantic, Alison Closs, Vanja Ivosevic for the Centre for Education Policy, *Teachers for the Future, Teacher Development for Inclusive Education in the Western Balkans*, Bologna August 2010 for ETF

European Training Foundation (ETF), (2010b), *Support ETF activities in BiH, Second Draft Report*, ETF working document, 30 May 2010

EU-ICBE, (2008), draft *Strategic Directions for the Development of Education in Bosnia and Herzegovina*, Institutional and Capacity Building of Bosnia and Herzegovina Education System, Final Documents Book 1, February 2008

EU VET III Project, 2008, *Evolving Policy and Strategy for VET in BiH* (Draft:DLP), July 2008

EU VET II Project, (2006), Financing of the Vocational Education and Training in Bosnia and Herzegovina, Aalborg Technical College, Aarhus Technical College, CPI-centre for VET of Republic of Slovenia

Eurostat, 2008, Pocketbook on candidate and potential candidate countries, 2009 edition

ILO, (2009), *Employment Policy Review Bosnia and Herzegovina*; prepared by the International Labour Office and the Council of Europe in 2007 and 2008, Council of Europe, 2009

IMF, (2004), Mid-Term Development Strategy of Bosnia and Herzegovina, IMF and the World Bank, 2004

Lagumdžija, Z., (2008), *Kompetitivnost Zemalja I Regiona Jugoistočne Evrope 2008-2009*, Regional Economic Forum South East Europe, Mit Centar- Centar Za Menadžment I Informacione Tehnologije

LiNK, (2008), Analyses of labour market needs at the area of Herzegovina-Neretva Canton, Unidea-Unicredit Milan July 2008

OECD 2009, Progress in the Implementation of the European Charter for Small Enterprises in the Western Balkans, SME Policy Index 2009, EC, OCDE, ETF and EBRD

OSCE, (2006), School Boards in Bosnia and Herzegovina: Potential Advocates for Change and Accountability in Education, A Status Report Prepared by the OSCE Mission to Bosnia and Herzegovina, 2006

World Bank, (2006), Bosnia and Herzegovina: Addressing Fiscal Challenges and Enhancing Growth Prospects, A Public Expenditure and Institutional Review, Poverty Reduction and Economic Management Unit Europe and central Asia Region, September 2006, Document of the World Bank

World Bank, (2008), Western Balkan Integration and the EU, An agenda for Trade and Growth, Kathuria, S., Editor, The World Bank, 2008

World Bank, (2009), *Are skills Constraining Growth in Bosnia and Herzegovina?*, Poverty Reduction and Economic Management Unit Europe and central Asia Region, December 2009, Document of the World Bank: Washington D.C.

World Bank, (2009a), Note on cancelled operation report on a credit to Bosnia and Herzegovina for the education restructuring project, May 15, 2009, Document of the World Bank, 2009

World Bank, (2009b), Protecting the Poor during the Global Crisis: 2009 Bosnia and Herzegovina Poverty Update, Poverty Reduction and Economic Management Unit, Europe and Central Asia Region, December 7, 2009

World Bank and IFC (International Finance Corporation) (2009), *Bosnia and Herzegovina Country Profile 2009*, Enterprise Surveys, 2009

The Torino Process is a project of the European Training Foundation. For further information please contact:

European Training Foundation
viale S. Severo 65
I - 10133 Torino

E: info@etf.europa.eu
T: +39 0116302222
F: +39 0116302200

WWW.ETF.EUROPA.EU/TORINOPROCESS