ETF COUNTRY INFORMATION FICHE

BOSNIA AND HERZEGOVINA

BASIC COUNTRY DATA

Total Population: 3,831,555


Youth dependency ratio: 22.87%


Public expenditure on education as share of GDP: 6.00%

Source: 2007 Council of Ministers of Bosnia and Herzegovina (2008), Strateške Pravce Razvoja Obrazovanja u Bosni i Hercegovini sa Planom Implementiranja, 2008–2015, Sarajevo

GDP ANNUAL GROWTH RATE (%)
GDP PER CAPITA (CURRENT INTERNATIONAL $)


EMPLOYMENT RATE 15+ (%)

Source: BHAS, LFS.

UNEMPLOYMENT RATE (%)

Source: BHAS, LFS.
Bosnia and Herzegovina has a strong human resource base and supporting infrastructure, along with an abundance of production facilities. With a population of around 3.8 million, according to the census of October 2013, the country is an upper middle-income economy. Bosnia and Herzegovina was ranked 85th out of 186 countries, by the UNDP in its Human Development Report 2015, with a Human Development Index (HDI) value of 0.733, placing it firmly into the group of countries with a high HDI. Demographic projections show the labour force will shrink considerably in the coming 40 years and the ageing rate in the country is the fastest in the region, with a dependency ratio expected to rise to 55% by 2050.

The country was ranked 13th in the world for outbound migration in a UNDP report for 2012, with an emigration rate of 25%, and remittances continue to play an important role in the economy. In 2014, remittances accounted for 8.4% of GDP.

Large-scale development programmes and huge investment projects have been prepared in the energy, transport and tourism sectors in particular, requiring significant capital investments which the country cannot afford without assistance.

The involvement of strategic investors and the application of various business and investment models, such as concession arrangements, various public–private partnership (PPP) models, financing from specialised institutions such as the World Bank and the EBRD, represent possible solutions toward the achievement of these ambitious goals.

The tourism sector is perceived to be among those with the highest competitive potential, given its economic significance: accounting for 10% of GDP, both directly and indirectly generated, 16% of export earnings and over 8% of total employment. There have been some encouraging institutional developments, most notably at the state level, where a special department has been created in the Ministry for Foreign Trade and Economic Relations and a functional working group for coordination has been established, reporting directly to the Council of Ministers. Additionally, the sector offers potential for fostering entrepreneurship and foreign investment and constitutes a good example of cross-sectoral cooperation (with environment, transport, rural development).

Bosnia and Herzegovina submitted its Economic Reform programme in Spring 2016. National stakeholders have advanced policies in VET with the potential to improve labour market outcomes (see detail below). High priority continues to be placed on responsiveness to private sector and industry needs (especially those of SMEs) as well as to improving coordination and consultation between the various levels of government. Reform is particularly targeted on the large public sector with its multiple overlapping competences and administrative structures at state, entity and municipal or cantonal level. This area offers significant opportunities for improved efficiency and effectiveness.

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1 Foreign Promotion Agency of Bosnia and Herzegovina, Investment opportunities in Bosnia and Herzegovina, March 2012.
VET and employment policy: Progress since 2012

Bosnia and Herzegovina is making progress in key policy areas and a new VET strategy for 2015-2020 is being prepared.

In February 2015, the Council of Ministers adopted an Action Plan for the development and implementation of the Qualifications Framework in Bosnia and Herzegovina 2014-2020. The Action Plan is an agenda for all the major activities for development and implementation of the Qualifications Framework (NQF) for all institutions and individuals involved in the development and implementation, in accordance with their respective competences.

The action plan provides a basis for approaching education and training from a state-wide perspective, enabling local initiatives and facilitating participation in EU initiatives, such as the EQF and the European Quality Assurance Reference Framework (EQARF). In 2015, Bosnia and Herzegovina joined the European Qualification Framework Advisory Group (EQFAG) and initiated stakeholder and institutional discussions on the use of the tool.

Bosnia and Herzegovina also continued to implement the IPA 2012 project: ‘Development of qualifications framework for general education in Bosnia and Herzegovina’ (with the support of British Council), which aims to support development of the qualifications framework for primary and general secondary education. In 2015, the project assisted education authorities to further develop standards for student achievement and to produce support documents for implementation of the external Matura examination at the end of general secondary education.

In the period from January to August 2015, the total labour force increased, as did the number of employed persons (1.5% year on year), while the number of unemployed individuals fell (1.2%). The average number of employed persons in the observed period amounted to 709.5 thousand.

The highest contributions to overall employment growth were in the processing industries, wholesale and retail trade, and the repair of cars and motorcycles: the leading areas of employment activity in Bosnia and Herzegovina. The recorded administrative unemployment for the first half of 2015 was 43.4%, while the annual survey gave a rate of 27.7%. Average net salaries were nominally unchanged from the same period of 2014 at KM 830, but deflation means a real increase of around 0.8%. The falling unemployment rate for the period is expected to be followed by a 1.4% increase in employment in 2015. No significant change is expected in nominal net wages compared to 2014 (0.1%).

In 2015, representatives from all entities completed the drafting of a comprehensive skills development policy strategy. The policy comprises objectives, actions and indicators, providing an approach potentially able to complement the Action Plan for the Qualifications Framework by providing a programme of labour market priorities to reinforce those underway in education.

Bosnia and Herzegovina is making good progress nationally on entrepreneurial learning but faces continuing challenges on the teaching of enterprise skills for small and medium sized enterprises (SMEs). In 2016, progress was made with the implementation of the Small Business Act in a joint effort by the OECD, EU, EBRD and ETF. For the area of entrepreneurial learning covered by principles 1 and 8a of the act, the finding indicated consolidation and progress in key areas. The recommendations for improvements to entrepreneurial learning reporting should be considered and adopted by the Council of Ministers in 2016.

Progress has also been made in non-formal learning: a comprehensive training needs analyses was completed for SMEs in 2015 in four economic sectors, capacity-building initiatives have taken place in all chambers of commerce and a new cycle of TNA 2016 has recently started. Databases have been created by the Chamber of Commerce of the Brcko district and the Foreign Trade Chamber of Bosnia and Herzegovina, showing business service providers that offer non-formal TNA-based entrepreneurial learning.

Bosnia and Herzegovina is striving to achieve increased participation and relevance for adult education with the support of two major strategic orientation documents adopted in 2014 by the Council of Ministers: ‘Principles and standards in the field of adult education in Bosnia and Herzegovina’ and ‘Strategic adult education development platform in the context of lifelong learning for the period 2014–2020’.

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2 Administrative data, not survey data.
3 The skills strategy was the result of analysis undertaken by the FRAME Initiative in BiH funded under the 2013 IPA MB envelope. The strategy covers five main priorities including improved institutional and policy capacities. The priorities are: skills needs identification; skills system improvement; use of knowledge in the change process; skills links between business and society; and; improvements to public institutions and public private partnerships.
Country priorities for VET and employment reforms

- National Skills Strategy comprising priorities for skills needs identification; skills system improvement; use of knowledge in change processes, and; skills links between business and society and improvements to public institutions and public private partnerships
- Development of the National Qualifications Framework
- Adult learning
- Inclusive Education

ETF interventions

The ETF will support national stakeholders in the preparation of a country led Torino Process report in the course of the year.

The national government of Bosnia and Herzegovina has approved a five-year action plan for the creation of a National Qualification Framework (NQF). The ETF will contribute to the process by facilitating support for dialogue on NQF development and implementation issues among local and national stakeholders. The ETF will also provide expert input in preparations to reference the Bosnian NQF against the EQF.

Bosnia and Herzegovina is drafting a skills strategy to shape the further development of its education and training system, including links with the labour market. The ETF will continue to work with national stakeholders and relevant public authorities and the EU delegation to support the finalisation and eventual implementation of the skills strategy.

In 2016, cooperation will continue with national stakeholders and the public authorities on the public employment service capacities for skills identification and the skills anticipation and forecasting processes in use in the country.

Bosnia and Herzegovina participates in ETF regional projects on continuous professional development for teachers, skills matching and anticipation, and entrepreneurial learning (SBA assessment). In 2016, the ETF will participate in a dissemination meeting on the results of the 2015 assessment of the Small Business Act.

The ETF will also assist national stakeholders in developing awareness of the European Quality Assurance and Recognition Framework.

Support to the EU Delegation

The ETF provided expertise and IPA assistance as requested.

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<th>EU projects</th>
<th>Period</th>
<th>Budget</th>
<th>ETF role</th>
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<td>Development of Qualification Framework for General Education</td>
<td>2012-2015</td>
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<tr>
<td>Development of Qualification Framework for Lifelong Learning</td>
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Key Donors in VET and related support

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<td>Kultur Kontakt</td>
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<td>Development of Qualification Framework for Lifelong Learning</td>
<td>Adult Education</td>
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The German cooperation agency, GIZ also provides a significant contribution toward improvements in VET. The ongoing GIZ project 'Promoting adult education' (total budget EUR 4 million for 2010–2016) aims to improve formal, non-formal and informal adult education in Bosnia and Herzegovina, linking this to economic and social needs. Advice is provided for entities offering adult training, public and private, at regional level and ‘second chance’ resulting in improved education for adults who did not complete primary education. Competency-based instruments for employment are being introduced and career counselling strengthened.

The ETF also cooperates with KulturKontakt and DVV.

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Key publications

- ETF, Torino Process 2014: Bosnia and Herzegovina;
- ETF, Frame Report: Vision 2020;


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