

# BOSNIA AND HERZEGOVINA

## ETF COUNTRY PLAN 2007

### 1. Socioeconomic background

Since 1995 the state of Bosnia and Herzegovina (BiH) has been divided into two political entities – the Republika Srpska (RS) and the Federation of Bosnia and Herzegovina (FBiH) – and the Brčko District, which belongs to both entities<sup>1</sup>. The RS covers 49% of the territory and forms a semi-circle around the north and east, while the FBiH occupies the other 51%. Most of the almost 4 million population live in rural areas (urbanisation level is 45.5%).

BiH made progress in macroeconomic stabilisation and structural reforms, as shown by annual economic growth figures (5.5% in 2005, 6% in 2006), improved fiscal discipline moving in both entities towards more balanced budgets. Progress in the past two years is notable in the improved business environment, important regulatory reform in key infrastructure sectors, and substantial advances in the development of a sound banking sector. Small-scale privatisation is almost complete in both entities, although large-scale enterprise privatisation has been uneven, more successful in RS than in FBiH. The rate of inflation rose substantially, reaching 7.6% in January 2007. Aid per capita (US\$138) is still among the highest in the world.

The main labour market trends show increases in both activity rate (attained 51.3%) and employment rate (attained 35.0%)<sup>2</sup> but these rates are still much lower than in the EU. The RS has had higher activity and employment rates than FBiH but the gap between the two entities is rapidly closing. Large differences exist in employment rates of groups with different levels of educational attainment, which means that skills are at a premium in the competition for jobs, at least in the formal labour market. One of the major challenges for the BiH labour market is the lack of job creation in the formal economy, whereas the informal sector's share of employment is high (39.5% of total employment in 2004), more so in the RS than in the FBiH. The employment rate for women (24.0%) is much lower than for men (46.1%), the gap being particularly large in the FBiH; while the employment rate of young people 15–24 years old (12.6%) remains much lower than the EU average, although it has recently been increasing. The unemployment rate has also been increasing and is very high (31.8%) even for transition economies. The unemployment rate of 15- to 24-year-olds (62.3%) is extremely high and has not yet been addressed effectively. In 2001, 19.5% of the population were still lived below the absolute poverty line.

BiH spends 4.3% of GDP on public funding of education<sup>3</sup>. According to the 2006 Labour Force Survey, 8% of the population aged 25–64 achieved a higher level of education, 49% medium and 43% low. LSMS data show that populations in rural areas are even less well-educated. Participation of children in primary education is estimated at 98.9%.<sup>4</sup> Participation rates in secondary education were estimated at between 56.8%<sup>5</sup> and 72.6%<sup>6</sup> (early 2000s). According to data on distribution of upper

---

<sup>1</sup> Dayton provisions (General Framework Agreement for Peace in Bosnia and Herzegovina, Paris, 14 December 1995).

<sup>2</sup> Activity rate, employment and unemployment rate data from Labour Force Survey, 2006.

<sup>3</sup> *Bosnia and Herzegovina: Addressing Fiscal Challenges and Enhancing Growth Prospects. A Public Expenditure and Institutional Review*, World Bank, Washington DC, 2006.

<sup>4</sup> ETF calculations based on data from the Living Standards Measurement Study (LSMS), which was established by the World Bank in 1980 to explore ways of improving the type and quality of household data.

<sup>5</sup> *Human Development Report*, United Nations Development Programme, New York, 2002.

<sup>6</sup> *ESCAPE Report*, Economic Management and Poverty Reduction Department, Europe and Central Asia, World Bank, Washington DC

secondary enrolments (ISCED 3) in academic year 2005/06, 24% of students were included in general education and 76% in vocational education and training (46% in 4-year VET and 30% in 3-year VET). Participation in higher education has been increasing during the last 10 years (reaching 19.2% in 2003).

Reforms in education and training have largely focused on existing legislation in all fields and at all levels, but global education strategy, including VET, is still under discussion. During the war, education was divided into three separate systems – Bosniak, Bosnian Croat and Bosnian Serb – and therefore three separate school systems, three national curricula, three sets of textbooks and three different sets of legislation were (and partially still are) in place.

Despite existing legislation prohibiting discrimination, it is generally recognised that in BiH employment discrimination on an ethnic/national basis exists. Besides the three main “Constituent Peoples”, some national minorities live in BiH, the largest of which are the Roma – Albanians, Czechs, Hungarians, Italians, Jews, Montenegrins, etc. – who fall under the constitutional category of “Others”.

Each entity has its own political structure and administration, with an overarching central government. The current institutional arrangements with 13 ministries of education and labour and 12 separate organisations responsible for employment services is complex and carries high operational costs. This fragmentation threatens the consolidation of the country as a single state and market. The current governance system with different levels of policy-making and many institutions is not conducive to effective economic reform. State institutions are weak and hampered in their more proactive steps by the complex and slow policy-making process. This is also true of the FBiH, where the authorities could play a stronger role in the development and implementation of labour market policy across cantons.

## **2. Key policy issues and strategies in human resource development**

Employment is recognised in a number of important different contexts – small and medium enterprise (SME) development strategy (draft strategy has not yet been adopted), education reforms and poverty strategy. The Poverty Reduction Strategy Papers (2002–04; 2004–07), signed by the Council of Ministers, clearly allude to the importance of labour market reform in the fight against poverty. However, in practice labour market issues are not being successfully addressed, nor have relevant employment policies been developed and translated into operational plans.

The Green and White Papers adopted by the education authorities in spring 2000 and autumn 2001 respectively are one of the most tangible outcomes of previous EU-funded projects. Based on the recommendations of these documents, a Framework Law on VET was submitted to parliament in autumn 2005. The system of external assessment of learning outcomes and issues relating to a continuous process of rationalisation of occupations, certification of teachers in modern methodologies, trainers for training and retraining of adults, diploma recognition, etc. have been discussed with local stakeholders. A pilot department for VET within the existing Standard and Assessment Agency has been established.

Social dialogue, as one of the tools for successful VET development, has been established between the education system, labour market and SMEs. This dialogue should be formalised and become a driving force for development of the policy and strategy for continuing VET reform.

Due to the existing fragmentation at different levels (political, institutional, social and even at market level) the policy should be integrated sector-wide, including different types of education and training, labour market, SME promotion and regional development.

## **3. EU and other donor policies and interventions**

### **Education and training**

- To date the EU has been the main VET donor, through the OBNOVA, Phare and CARDS VET programmes (total €11 million). CARDS projects have supported curriculum development,

educational institutions, VET financing, linking the education system to the labour market, establishing tripartite councils and supplying equipment to VET schools or centres. There is close cooperation between VET and other EU education projects (European Commission Technical Assistance), general education reform in primary and secondary education and EU/Council of Europe university governance and management as part of the BiH project, to ensure a consistent approach to overall education reform.

- A peer review of adult learning in BiH conducted by the ETF in June 2003 provided basic information about the situation in the country and recommendations on the way forward.
- Under CARDS 2004, the project VET System Reform Development carries out modernisation at system level, including an experimental model of financing that should support the financial sustainability of VET schools.
- The Functional Review of the Education Sector in BiH (part of reviews of six other sectors, from police to agriculture) concentrates on ministerial efficiency, the development of the Standard and Assessment Agency, the Department of Education in the Ministry of Civil Affairs, and an independent inspectorate, as well as the intermediate role between the agency, ministries and schools to be played by the present eight pedagogical institutes.
- BiH is participating in the EU Tempus Programme and has signed an expression of interest with the European Commission to participate in EU community programmes such as Leonardo da Vinci and Socrates.

### **Employment and regional socioeconomic development**

- Labour market analysis was conducted and prepared by ETF (2005/06).
- Vertical review of the labour and employment sector has been implemented within CARDS 2005.
- CARDS 2006 project focuses on the preparation of a National Employment Plan.
- In the field of economic regeneration and regional development programmes, the European Commission, through the EU RED programme, is supporting a network of regional economic development agencies, contributing to the revitalisation of key industries in the wood, textile and agribusiness sectors, and supporting refugee return through generating employment and sustainable economic development.

### **Other donor interventions**

- The world supports the reform of general and vocational education and training through the educational restructuring project.
- German Technical Cooperation (GTZ) has launched a six-year project to modernise curricula and improve students' practical skills in three fields.
- Other donors: Kulturkontakt Austria (VET reform through strengthening entrepreneurship), IIZ/DVV (German support to governmental and non-governmental organisations on lifelong learning).

## **4. Mid-term perspective ETF intervention strategies contributing to added value in national, EU and donor reform-support policies**

The ETF's main objective is to provide high-quality services to the European Commission and Bosnia and Herzegovina in policy fields relating to human resource development – education and training, employment.

### **Information, policy analysis and advice**

Objective:

- Providing information, analysis and other inputs to the Commission and the country's stakeholders in human resource development through policy analysis and advice.

Measures:

- Maintaining country intelligence on human resource development policies and practices and widening in-country contacts.
- Updating ETF country website.
- Analysing BiH human resource development sectoral policies, practices and respective challenges and monitoring annual progress.
- Providing inputs in programming and advice on human resource development issues.

Expected outcome:

- Upgraded network with key BiH stakeholders at state and entity/district level; provision of reliable information, evidence-based analyses and policy advice on human resource development to the European Commission or its services or agencies, partner countries and the general public.

### **Support to stakeholders for capacity building**

ETF activities will focus on the following areas: (a) EU education policy objectives and the Copenhagen process,<sup>7</sup> VET and adult learning; (b) entrepreneurial learning; and (c) social inclusion.

Objective:

- Contributing to increased stakeholder responsibility for reform and ensure that policy proposals are designed, taken forward and embedded in the national system by facilitating policy learning.

---

<sup>7</sup> Copenhagen Declaration on enhanced cooperation in European vocational education and training, adopted by education ministers of 31 European countries and the European Commission, 30 November 2002.

Measures:

Priority area (a): EU education policy objectives and the Copenhagen process

- Enhancing awareness of the EU Education and Training 2010 and Copenhagen process policy objectives and developments through disseminating information and organising policy learning
- Assisting in the development of a National Qualifications Framework (NQF), assuming political support for this initiative. The objective is to further policy knowledge and capacity building across the range of stakeholders at national and regional levels of the European Qualifications Framework for lifelong learning (EQF) and to determine a single approach to qualification development in BiH in conformity with EQF reference levels. It is envisaged that specific proposals and recommendations from ETF-supported actions will be made by the national authorities for eventual assistance with the IPA (Pre-Accession Instrument) to ensure an overall strategic impact in policy and institutional terms. In 2007 a working group is foreseen whose task will be to define national reference levels (reflecting EQF levels) for one sector of the economy.

Priority area (b): Entrepreneurial learning and HRD in and for companies

- The ETF will continue to support the European Commission (DG Enterprise) in monitoring policy progress on the education and training provisions of the European Charter for Small Enterprises (Chapters 1 and 4). In this context, the ETF will provide targeted assistance and capacity-building measures to BiH, in particular to determine entrepreneurial learning outcomes at each level of the education system. Indicators will be upgraded and an integrated approach will be developed to reporting at state level.

Priority area (c): Social inclusion

- ETF work in this area in forthcoming years will focus on the identification of specific needs, suitable responses and good practice concerning the inclusion of ethnic minorities in education and training and in the labour market.

Expected outcome:

- Enhanced capacities of key stakeholders to design and implement reform strategies in a number of human resource development policy areas at state and regional levels (entities/district).

## **Facilitating exchange of information and experience among donors**

Objective:

- Sharing information between donors in the human resource development field in order to improve synergy and complementarity of actions.

Measures:

- Mapping of donor interventions in HRD and other related fields.
- Exchanging information with donors through various forms (meetings, media) to seek ways for cooperation and synergy.

Expected outcome:

- Exchange of information and experience facilitated among donors engaged in human resource development policy fields and donor map updated.

## **Support for delivery of EU assistance**

### Objective:

- Optimising the potential of EU investment, with particular reference to employment and human resources, as part of the country's coordinated effort to establish and sustain a competitive economy, innovation and quality employment for all.

### Measures:

- Facilitating the partnership approach to employment and human resource development to develop policy at state level and contribute to greater coherency of the regional (entities, district) employment and HRD objectives with the national strategic framework. This involves providing and sharing information, analyses and advice on employment and human resource development, both as a support to national authorities responsible for IPA. Assisting the BiH authorities and social partners in the establishment and capacity building of an inclusive, stakeholder policy-making framework comprising all national and entity level administration, employers, trade unions and civic society.
- The initiative will build on a proposal for a 'structured partnership' agreed by state level education and employment authorities, their counterparts from the Federation of Bosnia and Herzegovina, the Republic of Srpska and Brčko District, as well as state and entity social partner organisations agreed at a two-part series of workshops in October and November 2006. Transfer of EU policy knowledge is central to the partnership development, in particular by ensuring that the employment strategy and broader human resource development policies will be upgraded across the range of stakeholders signing up to it.
- Providing input to IPA programming.

### Expected outcome:

- Partnership provides a planning and monitoring facility for all key IPA inputs to the labour market, employment and human resource development fields. ETF facilitation of the partnership contributes to better targeting and overall performance management by the BiH authorities of EU support to the sector.

## **Dissemination of information, networking and exchanges of experience and good practice between EU Member States and BiH and among partner countries**

### Objective:

- Promoting the exchange of good practices with other countries in the region and with EU Member States whose results contribute to the formulation of strategies for reform.

### Measures:

- Building on established regional networks, such as TTnet, SME Charter coordinators, etc.

### Expected outcome:

- Networking and exchange of experience and good practice with other countries in the region and with EU Member States promoted to assist in the formulation of reform strategies.

## 5. Objectives and indicators for 2007 work programme

ETF 2007 activities and services in Bosnia and Herzegovina							
ETF mid-term objective (2007–10): Improving networking, country intelligence and providing policy advice to the country stakeholders and EU services							
Project number	Project title	Specific country objective	Expected outcomes	Achievement indicators	Sources of verification	(yearly) outputs	Project duration
IPA 07-01	Facility to respond to Commission requests	<p>Developing and maintaining country intelligence (political, socioeconomic, education and training, labour market), including widening in-country contacts and networks to reach higher levels of policy influencers at state and entities/district levels</p> <p>Providing inputs in programming and advice to the Commission aimed at achieving better governance and policy coherence in employment and HRD sector</p> <p>Fostering engagement of all key stakeholders in HRD and employment inclusion issues</p> <p>Improving donor cooperation</p>	<p>Links with national IPA office established</p> <p>EU funded interventions in HRD monitored through up-to-date donor map</p> <p>Updated analyses on the country's development compared with others in the region and EU on labour market and education</p> <p>Programming analysis and advice provided to Commission services</p> <p>Structured partnership for employment and HRD facilitated at state level</p> <p>Priorities of national strategy for employment and HRD defined and actions for IPA programming proposed</p>	<p>Links with national authorities responsible for IPA</p> <p>Partnerships mobilised at state level include representatives from entities level</p> <p>Priorities of national strategy for employment and HRD</p> <p>Input into IPA programming</p> <p>Monitoring reports on donor intervention prepared and disseminated</p>	<p>Mission reports</p> <p>Monitoring reports</p> <p>Programming documents referring to ETF contribution</p> <p>PCM documents</p>	<p>Network established</p> <p>Structure partnership for HRD and employment established</p> <p>Inputs to IPA programming</p>	2007

IPA 07-02	Education and Training 2010	<p>Furthering policy knowledge and capacity building of stakeholders at national and regional levels on NQF</p> <p>Linking qualifications at national and sectoral levels</p>	<p>NQF working group formed and operating in economic sectors / or priority areas chosen, discussions launched on reference levels</p> <p>Specific proposals made towards eventual IPA assistance</p>	<p>NQF working group meeting</p> <p>One economic sector or priority level chosen for NQF</p> <p>Contributions of country stakeholders to discussions on reference levels for one economic sector</p>	<p>Mission reports</p> <p>Project progress report</p> <p>ETF Education and Training 2010 webpages and newsletters</p>	<p>Agreed understanding among stakeholders on progress made</p> <p>Validation of EU inventory by BiH stakeholders</p> <p>ETF inventory with links to all existing policy documents on BiH</p>	2007–10
IPA 07-03	Social inclusion	Assisting country to promote social inclusion of ethnic minorities	<p>Enhanced capacity of BiH stakeholders to address skill deficiencies of ethnic minorities and facilitate their social inclusion through education, training and employment</p> <p>Areas of intervention identified as input to IPA programming</p>	<p>Two to three country experts participating in two ETF expert meetings</p> <p>Country mid-term review</p> <p>Action plan drafted</p>	<p>Mission reports</p> <p>Project progress report</p>	<p>Number of elements of good practice for the inclusion of ethnic minorities through education and training in EU Member States (in particular new ones) and Western Balkan countries – 2007</p> <p>First draft identification of areas for interventions as input to IPA programming</p>	2007–10



IPA 07-04	Entrepreneurship learning (EL)	Supporting the implementation of the European Charter for Small Enterprises	<p>First-generation indicators revised/upgraded</p> <p>Policy indicators reviewed in Area 4 of the Charter in three specific fields: self-employment, careers guidance, ISCED 4</p> <p>National performance on EL indicators assessed</p> <p>Learning outcomes articulated for ISCED 2 with implementation guidelines</p> <p>Input to BiH towards a regional review of EL performance</p>	<p>Improved national reporting on first-generation indicators</p> <p>National groups capable of undertaking self-assessment on second-generation indicators</p> <p>Members participated in three-day conference – Turin, 19–21 Feb.</p>	<p>Annual report on progress made by BiH based on OECD and ETF indicators</p> <p>DG ENTR cross-country report on the Charter</p>	<p>Upgraded first-generation indicators included in OECD SME Policy Index</p> <p>Three additional ELs added to OECD SME Index (second generation)</p> <p>Country self-assessments include upgraded as well as three additional second-generation indicators</p> <p>ETF EL Virtual Community developed</p> <p>Performance assessment country reports submitted to DG ENTR (Oct. 2007)</p> <p>ETF written submissions to European Commission for 2008 IPA programming (Nov. 2007)</p>	2007–10
IPA 07-07	Learning and teaching	Contributing to national capacity for VET HRD policy formulation and implementation by strengthening professional expertise	<p>Technical assistance network set up and participants familiarised with practice examples of innovative teaching and learning from abroad</p> <p>Establishment of local capacity to cope with and carry out innovative school-based development projects facilitated</p>	<p>National report on key competences</p> <p>BiH representative(s) participate project start up workshop (one week) in a Danish VET school</p> <p>BiH representatives participate ETF final conference on key competences in Turin, March 2007</p> <p>Meetings/workshop held aimed at establishing network and awareness raising</p> <p>BiH representatives participate the annual West Balkan VET TT Conference</p>	<p>Reports from workshops and conferences</p> <p>Documentation of knowledge and experience sharing via dedicated website</p>	<p>Study visit report</p> <p>Reports from networking workshop with topics defined by participants</p> <p>Programme and summary papers of ETF VET teacher training annual conference</p>	2007–10