



INTERNSHIP PROGRAMMES

-Report on Bosnia and Herzegovina -

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1. BACKGROUND INFORMATION

As in almost all of the Western Balkan economies, Bosnia and Herzegovina is growing moderately. Output growth is expected to accelerate from 3.4 % in 2018 to 3.9 % in 2020, which are modest growth rates compared to economies of developed countries. This growth is primarily driven by increased investments, which is seen as picking up after performing weakly for years, and private consumption, which has benefited from rising employment and low inflation.

When it comes to labour market performance, the low pre-school participation and poor performance in basic education hamper people in increasing their skills and training as it negatively affects achievements in later stages of education. As in all of the other Western Balkan economies, the education system in Bosnia and Herzegovina does not correspond to the country's labour market needs and the link between education and the economy is weak, resulting in both vertical and horizontal skills mismatches. Weak activation and employment support are coupled with disincentives to work, linked to untargeted social benefits schemes and unsupportive taxation. Stronger action towards career counselling, outreach to jobseekers, profiling and strengthened cooperation with employers is needed. There is also a need for comprehensive "mapping" of social benefits and for transition from status-based to needs-based assistance.

Despite some positive developments in the labour market, most of the structural challenges remain. Structural unemployment and low activity rates persist, mostly affecting women, young people and the long-term unemployed. Weak activation and employment services are coupled with disincentives to work (untargeted social benefits schemes and unsupportive taxation). The share of undeclared work also remains high. Active labour market policies are mostly focused on employment subsidies and not training programmes.

One countrywide reform measure aims to improve the targeting of active labour market policies and to reduce the administrative burden on the public employment services. Stronger activation, such as career counselling and outreach to jobseekers and profiling, including cooperation with employers, is needed. Many actions require legislative or institutional changes, which increase the risk of delays.

One concerning factor for Bosnia and Herzegovina is emigration of young population, the most productive group in the society. However, the emigration has played a key role in mitigating the incidence of unemployment and, as a result, remittances represent an important source of income that reduces poverty and funds investment.

2. INTERNSHIP PROGRAMS

BiH Federation

In the Federation of Bosnia and Herzegovina, the Employment Offices of entities and cantons are responsible and implement active employment measures that include internship and volunteering programs in accordance with their annual action plans.

The internship programs implemented by the Employment Offices and individual cantons in the Federation BiH target unemployed jobseekers in their professional field of studies. In addition, there are some internship programs offered in particular institutions/organizations, regardless of occupation/ qualification, while others provide direct experience exclusively in a particular occupation or profession. However, there are certain restrictions in terms of availability and participation criteria.

In different regions/cantons, different internship programs are being implemented. Thus, the programs in the Republic of Srpska are intended for the highly skilled unemployed and for children of war veterans. Whereas, in the BiH Federation, there are programs to support the internship placements of medium to high skilled people without any work experience. The duration of these internship programs in the Federation are between 6 to 12 months. On the other hand, the canton of Tuzla offers programs for vocational training of highly skilled without any work experience, and lastly, the Canton Sarajevo offers programs for traineeship of the unemployed people with no experience in the private and public sector, as well as employment of trainees without work experience in - courts, prosecution and attorney offices.

In larger cities, where there are greater opportunities, the relationships are changing in a positive sense with respect to this topic, however, there is generally greater demand for internships than available positions.

In the Federation of BiH, these activities are carried out in accordance with the Law on Labour and Other Legislation, especially in the field of sector based education and adult education, as well as programs and measures that are specifically directed towards their realization. Most often, the high school and University students are involved in these activities in order to gain practical experience. Also, a number of institutions and organizations organize internship programs, volunteering or traineeship, in accordance with the participants' needs.

Some programs and initiatives are implemented at the level of the Federation, others at the level of the canton or the local community (municipalities). However, it is worth mentioning, that there are no internship programs organized and implemented at the national level, except for internships in the public institutions of Bosnia and Herzegovina.

The internship culture has been cultivated in the country at all levels of government, especially in the public sector. Namely, the regulations on work in the institutions in BiH stipulate that the employer's act or employment contract between the employer and the trainee determine the rights, obligations and responsibilities of the trainee, in

accordance with the opportunities and vacancies for the employment of trainees. However, the internship programs in the private sector, are less represented and it is necessary that they are supported in order to provide and improve the internship programs.

Republika Srpska

In the Republic of Srpska, there are two types of internship programs: traineeship and volunteering. The traineeship programs are offered in accordance with the Law on the Work of the Republic of Srpska "Official Gazette of the Republic of Srpska No. 1/16 and volunteering in accordance with the Law on Volunteering," Official Gazette of Republika Srpska "No. 89/13.

However, the law on volunteering does not cover the volunteering for the specific vocational/occupational trainings of candidates without establishing a formal employment for volunteers as this is regulated by labour relations regulations. Internships are not offered to all students but only to students that belong to certain occupations and professions (mainly in the field of health profession). This activity mainly relates to the internships that are mandatory for the medium to high skilled candidates without work experience. The duration of internship is between 6 to 12 months.

Brcko District:

The situation in Brcko District is as follows:

- **Internship:**

The Labour Law does not recognise the internship, but they are regulated by some regulations in precisely defined occupations (eg. education, health business ...), and as the term itself explains, it arises from the acquisition of practice at higher education institutions and is regulated through the Curriculum.

- **Apprenticeship**

A apprentice (or trainee) is considered a person who has completed a high school, college or university, who is employed for the first time in that profession, and who should pass a professional examination, or who needs to gain a work experience in his/her profession. During the apprenticeship, the trainee is entitled to 80% of the salary of the job vacancies he/she has been hired for.

The trainee has rights and obligations regulated by this law on collective agreement, rulebook and apprenticeship contract. After the expiration of the apprenticeship, the trainee shall take the professional examination for his/her professional title, in accordance with the law, regulation or rulebook.

- **Volunteer:**

A volunteer is a person who, after completing the high school, college or university works for the first time in that profession. The period of volunteer work is calculated in the apprenticeship and work experience as a condition for performing certain jobs,

without being employed. During volunteer work, the volunteer is not entitled to salary.

The employer provides insurance to a volunteer in the event of an injury at work or occupational diseases in accordance with special regulations. The volunteer is entitled to health insurance as regulated by the regulations on health insurance for unemployed persons.

3. LEGAL REGULATION OF INTERNSHIPS AND PRACTICAL TRAINING

BIH Federation

At the level of Federation of BiH, the programs for apprentice or traineeship are regulated based on Art. 54 of the Law on Work in Institutions of Bosnia and Herzegovina ("Official Gazette of BiH", No. 26/04, 7/05, 48/05, 60/10, 32/13 and 93/17) however, the Lex specialis law on internship at the state level does not exist and according to institutions in Bosnia and Herzegovina there is no plan for the drafting of this (new) law.

There are age limits when it comes to employment. According to article 10 of the Law on Labour in the institutions of Bosnia and Herzegovina, citizens above 18 years of age may be admitted to employment with the employer. However, there are no age limits when it comes to admitting trainees. In accordance with the positive legal regulation on traineeship in the institutions of BiH, interns must have contractual agreement with institutions on the implementation of the traineeship.

Internships in the Federation of BiH are organized in accordance with the Labour Law and other legal regulations, as well as the Law on Mediation of Employment and Social Security of Unemployed Persons. According to the measures of the public employment services, they co-finance the traineeship of candidates with no work experience in occupation or practical experience.

The registered unemployed that have been selected to take part in the program during the period of the implementation of active employment policy measures consider this as first work experience and the institutions must pay for their compulsory benefits, whereas the trainees remain as registered as unemployed, without getting a formal working experience as a result of traineeship.

One of the measures of active employment policies, which is implemented in the last three years \ by the Entity Employment Offices, is the employment of trainees, i.e. the first work experience / employment of young people with University degree in order to support them in gaining their first work experience.

Beneficiaries of First Work Experience / Practice –

The first work experience practice is available to people that are registered as unemployed without having experience in the profession or practical occupation and are up to 30 years of age. The Public Employment Service issues a public invitation to employers to participate in the call, after which the employers apply for a public call

in accordance with their needs and the procedure . Companies than have a right to employ persons within the co-financing scheme use the mediation, to recruit the adequate person. A contract of employment is signed with the candidates so they could gain experience in the profession, for a specific period of time (6 or 12 months) and compulsory insurance is applied.

The first work experience practice is financed from the resources of the office (co-financing of part of the salary and contributions) and the funds of the employer. The employer is obliged to provide the appropriate mentor during the process. Upon completion of the co-financing program, the employer could, but is not required to, employ the person. The goal is for candidates to gain the necessary experience in order to improve their competitiveness in the labour market.

Republika Srpska

The legislation of Republic of Srpska in the Law on Labor ("Official Gazette of the Republic of Srpska No. 1/16) regulates the conditions and the manner of establishing a working relationship of the people with no work experience, i.e. those with first-time employment (trainee) which have a certain type and degree of professional qualifications, if this is a condition to work in certain type of jobs (according to the Article 48 of the Law). In accordance with this law, the internship is organized in agreement with the employer, unless otherwise specified by special regulations. The law is also regulating the length of the internship period, and other special regulations which are not otherwise specified (depending on the profession or occupation).

Upon completion of the internship, a trainee takes an exam which verifies his ability to work in the profession as a result of internship/traineeship. The content of the exam is prescribed by a special regulation or a general act.

During the internship, the trainee is entitled to salary and all other rights in accordance with the employment contract, as specified in the law, the general act and the employment contract. The person establishes a working relationship as a trainee and signs a labour contract with the institution. The law does not specify the age limit for the internship. The condition for hiring a trainee is for the employer to have the resources, that is, the material, technical and professional capacities to train a person (trainee) so that they could perform or conduct the work without any supervision.

Legislative regulations in the field of education, i.e. the Law on Secondary Education ("Official Gazette of the Republic of Srpska" No. 41/18) and the Law on Higher Education ("Official Gazette of the Republic of Srpska" No. 73/10, 104/11, 84 / 12, 108/13, 44/15, 90/16, 5/17 and 31/18) regulates the practical training only for those that are in the process of education. These laws do not cover traineeship and practical work experience. The laws define the student practices (scope, content of performance requirements) that are implemented in accordance with the curricula of educational institutions, On the other hand, the educational institutions partially provide career guidance and counselling services, however, it is all depending on the level of education, type of school or other educational institution.

Brčko District

The law does not provide for an age limit when it comes to traineeship and there are also no specific restrictions on employers in relation to the engagement of an apprentice. Through public calls for employment of trainees financed by the Institute or the Brčko District Government in order to obtain funds for the employment of trainees the companies should have fulfilled all of the obligations (compensation of employees, taxes and contributions).

The Employment Agency of the Brčko District of BiH, within the Program and Work and Activities Plan, conducts activities for the final grades of pupils of primary and secondary schools in providing regular the career information. In 2018, the Labour Market Synchronization Program was implemented, which included part of the activities which are related to cadastral counselling and routing. The act itself was implemented in cooperation with the Department for Education of the Brčko District of BiH.

The Employment Service of the Brčko District of BiH, depending on the Program of Work, finances and co-finances the employment of trainees in the real sector. Public companies within their planned activities of employment open up call for vacancies for admission of trainees. In these public calls, the guidance on the duration of the practice service is defined, as well as the amount of compensation provided for the duration of traineeship.

IV. INSTITUTIONAL FRAMEWORK FOR INTERNSHIPS

BIH Federation:

As it was we indicated, each institution in BIH federation or Cantons organizes internship programs in accordance with the available budgets and funds allocated for this activity. Obstacles are more operational and are due to the lack of awareness for the need of organizing and conducting internships.

The practitioners in the institutions of Bosnia and Herzegovina are covered by the Labour Law and their work is paid in accordance with the sub-laws on Salaries and Remuneration in Institutions of Bosnia and Herzegovina.

On the other hand, the active employment measures are different program and their short-term impact is clearly visible. The persons taking part in these measures are getting the necessary work experience and practice which leads to improvement of their competencies so they could become more competitive in the labour market. They can apply to a number of job ads in which specific skills or knowledge are received. On the other hand, when it comes to long-term impact, based on the evaluation of the employment office, more than half of the participants in the measures remain employed by the organization after the end of the co-financing program having signed a long-term employment contract while others, on the basis of acquired skills and knowledge, find employment with another employer.

Public Employment Services in the Federation BiH conduct an annual assessment of the needs of the employers, defining exact profiles and qualification needed of workforce for the following period.

Republic Srpska

Employment Strategy of the Republic of Srpska ("Official Gazette of the Republic of Srpska No. 90/16) is one of the key documents defining the basic activities and measures of active policies in the labour market implemented by the Public Employment Institute. The Strategy defines the basic strategic goals in a four-year period. These operational tasks are developed and are in function of achieving these strategic goals. The strategy also defines target groups that have employment priorities, and one, on which the Employment Institute is focusing, is the employment of young people with no experience. In accordance with the key strategic goals, the Government of Republic Srpska adopts annual employment action plans based on which specific employment programs are established. Since 2007, the Public Employment Service of Republika Srpska has been implementing programs which is supporting the work experience of young people.

In the period from 2007 to 2018, there were 10 programs implemented to support the work experience programs of young people, with over 7,290 young people taking part in the program and successfully passing the exam required by the program.

These programs focus on improving the competencies and preparing young people for employment, especially providing the work experience and inclusion in social process of employment. Legislation recognizes trainees with certain degree of education, which need work experience in respective profession to take part in the labor market.

Young people who have left the education institutions and/or are fresh university graduates, even though they have the knowledge and skills, still find it more difficult to find employment, because companies prefer to hire employees with work experience rather than those without it and this is why the Employment Agency is focusing to work with these target group to prepare them for the labour market. The problem of youth unemployment is mentioned in a number of strategic documents in Republika Srpska but, the main one is the Youth Policy and the Employment Strategy of Republika Srpska.

As it was emphasized, the main implementer of these programs, is the Employment Service with the support of the Government of the Republic of Srpska. The Government and the Institution provide funds for the implementation of the programs, while the financing is determined by the program itself. Most often, the Institute finances the net salary of trainees, which according to the law, cannot be lower than 500 KM, while the obligation of the employer is to pay all taxes and social contribution of the trainee. In accordance with its financial capabilities and internal acts, the employer may pay a trainee even more than the stipulated salary. In addition, the employer is obliged to sign an employment contract with the trainee.

The active policies on employment have a special treatment for highly educated children of War Veterans. The Employment office covers the gross salary for this category of participants.

Mutual rights and obligations between the employer and the Employment office are regulated by the contract, and in particular the part that mentions the engagement and the role of the mentor which should equip the candidates with the necessary skills and competencies so that they could pass the professional exam at the end of the process. The employer signs the contract upon the decision on the approval of the funds by the Employment office. In accordance with the signed contract, the Employment office refunds on a monthly basis the companies that have the trainees/apprentice. Upon completion of the apprenticeship, the employer is obliged to ensure that the candidates are taking the apprenticeship exam and issue the appropriate certificate once the exam is successfully passed.

The Employment Office is monitoring the program by conducting regular controls whether the internship is performed in accordance with the training program of the trainee. The Institute also performs additional controls as necessary in order to monitor the effects of the program. When it comes to the effects of programs, more than 60% of the persons involved in the program remain employed with the same or another employer after the completion of the program while the rest that have gone through the program find faster than those who have not completed the internship//traineeship/apprentice.

Brcko District

The only institution that organizes the traineeship in Brcko District is the Employment Bureau. They are co-financing the employment of trainees in the private sector companies. On the other hand, the public institutions make public calls for recruiting trainees and sign employment contracts even when they're in the process of traineeship.

Through these calls, the Bureau defines the regulations on the financial compensation of participants in the program.

5. STRENGTHS AND WEAKNESSES OF THE PROGRAM

5.1. Positive aspects

- **Monitoring of the internships.** The Employment Offices such as the case in R. Sprska do make the assessment of the program and monitor the effects of the internship program on a regular basis. Based on the assessment, the Office then plans the next employment policies and workforce development program in the sectors and professions that are mostly needed by the companies.
- **Contracts included.** All three entities in Bosnia and Herzegovina use the contractual mechanism signed by the beneficiaries of the program. Since there is financial compensation for companies/institutions recruiting trainees, they are obliged to regulate this relationship with a formal agreement. However,

this is a positive trend that could be used by other economies since besides the financial scheme, the contract is regulating other areas such as the role of the mentor and skills gained in the process.

- **Mentorship.** The existing practical training schemes such as traineeship and apprenticeship require the organization to provide a mentor that will guide the trainee through the entire process of the program. In this way, the institution ensures that the participant gets the maximum outputs from the program which results in the successful passing of the exam once they graduate from the program.

5.2 Areas for improvement

- **New law on Internships.** As in almost all of the economies of the Western Balkans, the internship programs are regulated by the labour law or by-laws on intra-sectorial activities. However, here as well, there is no special law or at least a section of the law that regulates specifically the internship program. Thus, providers of internships can advocate and lobby towards drafting and adopting a new law on internships that would regulate this program.
- **Variety of internship programs.** Both entities and Brcko district implement the traineeship or apprenticeship programs for participants from specific occupations that need special training to perform the job duties such as health, practitioners and law students however, there are no internship programs as such in the country. Especially those that are not covered by the employment policies implemented by the Employment Agencies/Bureaus. The objective is to provide these programs in addition to the existing ones once the legislative part is resolved
- **The awareness of internship programs.** One challenge reported by the National Agencies for Employment is the lack of awareness of all actors on the role and impact the internship programs for participants and the companies involved in the process. Thus, a better promotion and information should be provided to the beneficiaries on what are the benefits of internship program.
- **Limited budget.** Even though the traineeship and apprenticeship are financed by the National Employment Agencies as part of employment policies, still the number benefiting from such program is limited because of the lack of funds. In order to increase the number of participants in the program the government must increase the budget or find alternative ways of financing the internship programs.
- **National private sector internship programs.** Most of the programs that focus on practical trainings are implemented regionally organized by the Cantons. There is no national programs on internships across the country which limits heavily the number of internship opportunities, absorption capacities of companies but also the transfer of knowhow of the participants.

- **No national coordination body.** Implementing the internship programs individually or as Cantons makes it impossible to have one coordination body that organized and supervises the practical training programs.
- **Capacity building of internship providers.** One of the areas that needs improvement is the capacity building of internship providers. First, there no private sector providers of such program and where they exist, they lack human and financial capacities to provide such services.

III. RECOMENDATIONS

- **Legal regulation of internship program:** As in other countries in the region, internships in BiH are not regulated by a specific law, and a legal mechanism that regulates the internship program needs to be established. Whether done through by-laws or a special law, it would be up to the individual country, but the programme must be integrated in the system in order for all of the institutions to respect the set guidelines.
- **Coordination between the entities:** One of the benefits of the internship programs is the employability skills that the interns receive while doing the internships. However, the mobility of students between different regions and entities in BiH is limited, which leads to fewer job opportunities. There must be a better coordination among the entities to unify both the policies and mobility practices of students in BiH.