



STUDY ON  
**YOUTH  
EMPLOYMENT**  
IN  
BOSNIA AND  
HERZEGOVINA

good.  
better.  
regional.

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# Table of contents

<b>Abstract</b>	<b>5</b>
<b>1 INTRODUCTION</b>	<b>6</b>
1.1 Youth in the labour market	6
1.2 Key challenges facing the youth labour market	10
1.3 COVID-19 Pandemic	12
<b>2 YOUTH EMPLOYMENT POLICIES</b>	<b>13</b>
2.1 Youth employment policies in Federation of Bosnia and Herzegovina	14
2.2 Youth employment policies in Republika Srpska	15
2.3 Youth employment policies in Brčko District	15
2.4 Effectiveness of youth employment measures	15
<b>3 MAPPING THE SITUATION OF NEETs</b>	<b>17</b>
3.1 Proposals to modify the design and delivery of policies to integrate non-registered NEETs	18
3.2 Tailored outreach mechanisms to identify and assist the most vulnerable NEET groups	19
<b>4 CAPACITIES TO IMPLEMENT YOUTH EMPLOYMENT POLICIES</b>	<b>20</b>
4.1 Functions and Reform of the public employment services	21
4.2 Public employment services in Bosnia and Herzegovina	21
4.3 Public employment services in Federation of Bosnia and Herzegovina	21
4.4 Public employment services in Republika Srpska	22
4.5 Public employment services in Brčko District of Bosnia and Herzegovina	22
<b>5 A ROAD MAP FOR YOUTH EMPLOYMENT IN BOSNIA AND HERZEGOVINA</b>	<b>24</b>
5.1 A Youth Guarantee for Bosnia and Herzegovina	25
5.2 Youth Guarantee-Chronological Stages according to the Economic and Investment Plan	26
5.3 Youth Guarantee-Thematic, Policy Phases, according to the Council recommendation of 30 October 2020	28
<b>6 REFERENCES</b>	<b>34</b>
<b>7 APPENDIX: LABOUR MARKET INDICATORS BY GENDER AND EDUCATION</b>	<b>35</b>

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## LABOUR MARKET DATA-METHODOLOGY NOTE

All labour market data in the RCC ESAP Youth Employment Study, Bosnia and Herzegovina Annex are for the 15-24 age bracket for youth and the 15-64 age bracket for the general population, unless it is specifically indicated that the data presented is for a different age group. The source of data is indicated in notes to the individual figures; where the source is indicated as the [RCC ESAP Observatory](#), the data is from the Agency for Statistics of Bosnia and Herzegovina (LFS data), the Labour and Employment Agency of Bosnia and Herzegovina or EUROSTAT, unless specifically indicated otherwise under the figure and/or at the RCC ESAP Observatory.

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# Abstract

This Chapter outlines the nature and challenges of the youth labour market in Bosnia and Herzegovina, among which the fragmentation of the youth labour market and employment policy, pervasive skill mismatch, limited availability of part-time work opportunities for women, employment policies insufficiently targeted on youth and a limited provision of youth counselling services have been identified as key factors holding back integration of young people into the labour market. The youth labour market in Bosnia and Herzegovina is characterised by high level of youth unemployment, large gender gaps in labour market participation and employment, especially for the less well educated youth, and a high share of temporary jobs creating a precarious situation for young people. The Annex analyses existing youth employment measures that have been adopted by governments, showing that many existing measures are relevant to the creation of a Youth Guarantee in Bosnia and Herzegovina, but need to be scaled up and given a major and game-changing financial boost. The Annex has mapped the main dimensions of

the 'neither in employment, nor in education or training' (NEET) phenomenon and made suggestions how policies towards NEETs could be improved. It has also identified the capacity issues in the main agencies that are responsible for implementing youth employment policies. A comprehensive set of labour market policy measures has been outlined, building on European Union (EU) policy approaches to the Western Balkans and policy recommendations. A roadmap has been developed, tailored to local circumstances, to implement the Youth Guarantee in Bosnia and Herzegovina to ensure that no young person is left without a job, or a place in education or training for more than four months after leaving school or university. While this roadmap is an important analytical input, this roadmap cannot replace or prejudice the Youth Guarantee Implementation Plan. The implementation of a Youth Guarantee would make a significant contribution to eliminating social exclusion experienced by many young people living in Bosnia and Herzegovina today, improving their well-being and future life chances.

# 1 INTRODUCTION

The labour market in Bosnia and Herzegovina (BiH) is decentralised both from a functional and policy point of view between the two Entities (the Federation of Bosnia and Herzegovina and Republika Srpska) and the Brčko District of Bosnia and Herzegovina. As other transition economies, Bosnia and Herzegovina faces a severe problem of structural unemployment. Despite recent progress, BiH continues to have poor labour market outcomes, especially for youth, reflecting the challenges youth face to gain a foothold in the labour market. Among the many labour market challenges, the overriding issue is that of youth unemployment.

## 1.1 Youth in the labour market

In the second quarter of 2019, the youth population aged 15-24 was estimated to be 287,900, of whom 98,400 had only a “low” level of education having completed compulsory primary education or less, and 177,100 had a “medium” level of education having completed upper secondary school or post-secondary non-tertiary education.<sup>1</sup> Relatively few members of this age group, just 12,500, had completed tertiary education.

In 2019 as a whole, the labour force participation rate (the activity rate) of the 15-24 age group was 35.4% (higher for men at 39.8% than for women

at 29.9%).<sup>2</sup> This was an improvement over the position in 2018 when 32.3% of the age group were active in the labour market.<sup>3</sup> Among them, the activity rate for those with a high education level was 59.6%, while for those with a medium education level it was 47.5% and for those with only a low education it was just 6.3%. Thus, while there are relatively many young people with only a low level of education, few of them participate in the labour market.

### 1.1.1 Labour force

In the second quarter of 2019, the youth labour force, either in work or seeking work comprised 101,900 young population aged 15-24 years, of whom 63,300 were young men and 38,500 were young women (see Figure 1). In 2019, 10.7% of the labour force were youth in the age group 15-24.<sup>4</sup> The great majority, more than three quarters (86.4%) of the young people in the labour force had a medium level of education, having completed upper secondary schooling. Of the 90,000 youth in this category, two thirds were young men and one third were young women. The same gender imbalance can be seen among the low educated, although there are far fewer of them overall. This implies that many more medium and low educated young women are inactive compared to young men. For the 6,500 youth with a high education the situation is reversed with more young women than young men in this segment of the labour



<sup>1</sup> World Bank/WiiW Jobs Gateway in Southeastern Europe online data.

<sup>2</sup> BHAS (2019) Labour Force Survey 2019, Sarajevo: Agency of Statistics of Bosnia and Herzegovina

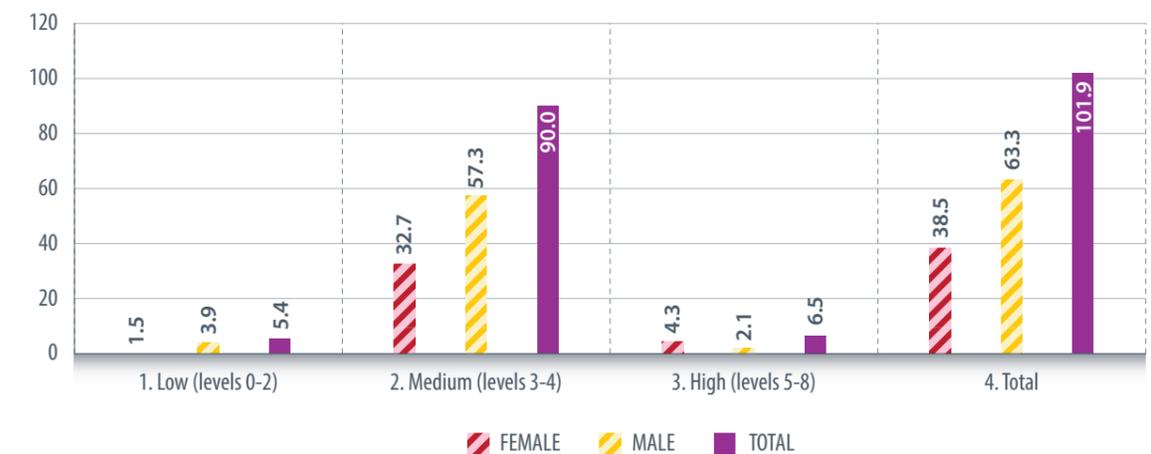
<sup>3</sup> World Bank/WiiW Jobs Gateway in Southeastern Europe online data.

<sup>4</sup> BHAS (2019) Labour Force Survey 2019, Sarajevo: Agency of Statistics of Bosnia and Herzegovina

force. This situation may be partly explained by the prevalence of traditional views of gender roles in the family, with less educated young women feeling under pressure to stay at home and shun work on the labour market. It suggests also that improving women’s education could be a powerful driver of female labour force

participation, especially when combined with greater opportunities for part-time employment contracts as a first step (Abaz and Hadžić, 2020). Another factor explaining the low share of women in the labour force is the lack of publicly funded childcare facilities.

Figure 1: Labour force by gender and level of education, 15-24 years, 2019 Q2 (thousands)



Source: World Bank/WiiW Jobs Gateway in Southeastern Europe online data

### 1.1.2 Labour market performance indicators

Employment rates are low, at 35.5% (varying from as low as 22.9% in the Brčko District of Bosnia and Herzegovina, to 31.9% in the Federation of Bosnia and Herzegovina and 42.2% in Republika Srpska) (see Appendix Table A1). The employment rate for young people is far lower than for the labour force as a whole. In 2019, the youth employment rate was just 23.4% (varying from 17.9% in the Brčko District of Bosnia and Herzegovina, to 21.3% in the Federation of Bosnia and Herzegovina and 27.5% in Republika Srpska) (see Table A1). The youth employment rate increased by more than three percentage points over the three years from 2017-2019, up from 18.0% in 2017, and far below the overall employment rate of 54.7%,

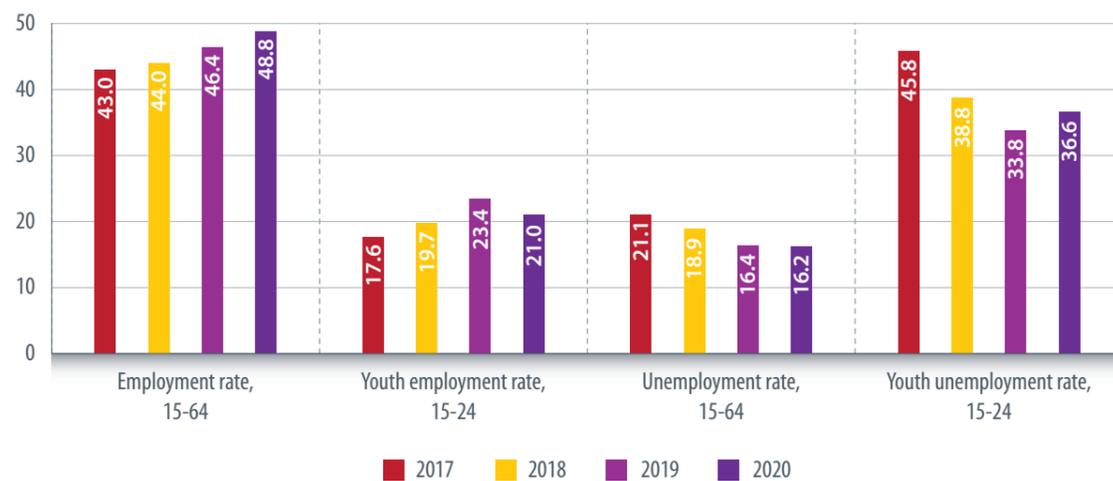
itself a low number (see Figure 2). Research by Pilav-Velic (2019) and Okicic et al. (2020) has demonstrated that the training programmes provided by the Public Employment Service (PES) as well as paid internships have a statistically significant positive effect on the employment rate of young people. The implication is that youth employment policy should focus more on training and work experience measures which could also include work-based vocational training, dual education involving vocational schools and businesses training on job search methods and training for self-employment.

The overall unemployment rate is high at 15.7% in 2019 (varying from 24.1% in the Brčko District of Bosnia and Herzegovina, to 18.4% in the Federation of Bosnia and Herzegovina and 11.7% in Republika Srpska). The youth unemployment rate is significantly higher than the overall unemployment rate. In 2019,

the youth unemployment rate (from 15 to 24 years of age) was 33.8% in Bosnia and Herzegovina (varying from 48.7% in the Brčko District of Bosnia and Herzegovina, to 39.0% in the Federation of Bosnia and Herzegovina and 23.8% in Republika Srpska) (see Table A1). This was substantially lower than it had been three years previously (in 2017 the youth unemployment rate had been 45.8% - see Figure 2). This remarkable twelve percentage points fall in youth unemployment over a period of three years was quite an achievement, and although still high, it should be recognised that substantial progress has been made.

Nevertheless, with a youth unemployment rate of 33.8% and with 21.6% neither in employment, nor in education or training (NEET), a policy focus is required on active labour market policies for young people and on developing their relevant skills for future employment. As with the labour market as a whole, there is a large gender difference in employment rates, at 27.4% for young men and 18.6% for young women in Bosnia and Herzegovina as a whole; and also in unemployment rates, which are 31.3% for young men and 37.9% for young women.

Figure 2: Labour market performance indicators, Bosnia and Herzegovina, 2017-2020 (%)



Source: [Observatory on employment in the Western Balkans](#), RCC's ESAP 2 project

### 2020 UPDATE

In 2020 the rising trend of the employment rate for 15-64 age group continued and it was at 48.8%, while the youth employment rate decreased to 21.0%. The overall unemployment rate for the working age population slightly decreased at 16.2%, while the youth unemployment rate increased significantly and stood at 36.6%.

### 1.1.3 Self-employment, family workers and entrepreneurs

Just under one in ten young people (9.2%) are self-employed, either as entrepreneurs in the sense of setting up a business capable of creating jobs for others or in the more traditional role of craftsman, working on their own account as a sole trader.<sup>5</sup> Most of the self-employed are young men with a medium level of education. Most of these are likely to be self-employed craftsmen who have set up shop using their vocational skills.

### 1.1.4 Flexible and precarious employment

A relatively few young people work in part-time employment (7.0%) and most of these, as with the self-employed, are young men with a medium level of education.<sup>6</sup> Few of the part-time workers are women. The expansion of part-time work opportunities for women could be one route for inactive women who have household responsibilities to re-engage with the labour market. About two fifths of young people work in temporary jobs, with a slightly greater prevalence among young women (45.8%) than among young men (36.5%). Since temporary jobs are precarious and are unlikely to offer much in the way of training opportunities, youth employment policy should seek to support a greater proportion of young people into permanent, more secure, job positions.

### 1.1.5 Inactivity

About 186,000 young people were inactive in the second quarter of 2019; many of them were attending secondary school or university, but many others were neither in employment, education or training.<sup>7</sup> Half of the inactive youth had a low level of education and just under half had a medium level of education, while relatively few (3.2%) had completed tertiary education. A major characteristic of this age group is therefore that many have only completed a basic level of education.

### 1.1.6 Education

Education is also an important consideration for youth employment. In 2019, those with primary education or less represented 36.4% of the population but just 16.1% of the employed, and just 14.2% of the unemployed (see Table A2). However, 51.4% of the inactive population has this level of education. Those with college, university education or above are more likely to be employed than others, i.e., 16.0% are employed while 11.7% of the unemployed have completed this level of education. Education and employment are strongly associated but youth unemployment is high, even among college and university graduates. High unemployment is a result of low economic growth rates, lack of new job creation and skills mismatch.

The education system does not fully provide the level of knowledge and skills needed. The complex and fragmented vocational education and training (VET) school system and weak economy-wide policymaking contribute to the low performance of VET school leavers with a medium education level (McBride, 2019).

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<sup>5</sup> World Bank/WiiW Jobs Gateway in Southeastern Europe online data, 2019 q2.

<sup>6</sup> World Bank/WiiW Jobs Gateway in Southeastern Europe online data, 2019 q2.

<sup>7</sup> World Bank/WiiW Jobs Gateway in Southeastern Europe online data, 2019 q2.

According to the results of Organisation for Economic Co-operation and Development's (OECD) Programme for International Student Assessment (PISA) 2018 study of the educational performance of 15 year-olds in Bosnia and Herzegovina, 65.4% of students study in schools whose principal reported that the school's capacity to provide instruction is hindered at least to some extent by a lack of educational materials, while 51.6% of students are in schools where learning was hindered by inadequate or poor infrastructure.<sup>8</sup> The mismatch of supply and demand in the labour market is one of the biggest constraints to growth and employment. The education system thus needs to be continuously improved to develop the skills for easier entry into the labour market and ensure that the demands of the dynamic labour market are met.

### 1.1.7 Migration

Brain drain and employment abroad is an increasing trend in recent years. Negative migration flows, which are reflected in the large percentage of young people and entire families leaving the economy reduce the available labour force. Significant part of the population has emigrated and it is likely that this trend will continue. Of those who left Bosnia and Herzegovina in 2018, 30% were aged 18 to 35. The research by Begovic et al. (2020) shows that youth are more likely to consider emigrating than older people, and that the main driver of this tendency to migrate among young people is dissatisfaction with public services and perceptions of systemic corruption. This is needed to ensure equal treatment of young people and stop them from leaving the economy.<sup>9</sup>

<sup>8</sup> OECD PISA 2018 online database

<sup>9</sup> Note: An in-depth analysis of migration issues of youth population of Bosnia and Herzegovina and all of its economic and social consequences is available at: <http://library.fes.de/pdf-files/bueros/sarajevo/16523.pdf>

## 1.2 Key challenges facing the youth labour market

The weakness of the labour market and the low employment rate pose serious challenges to policymakers. Among the greatest challenges are the fragmentation of the youth labour market and employment policy, skill mismatch and the weakness of the education system, limited availability of part-time work opportunities for women, employment policies that insufficiently target youth, and limited provision of youth counselling services.

### 1.2.1 Fragmentation of the youth labour market and employment policy

Different approaches to youth employment policy and implementation mechanisms in different parts of the economy are an additional challenge for cooperation between governmental institutions, education institutions and the business sector to ensure the most effective policy framework to assist young people in accessing the labour market. More success with active policies requires more regular communication, cooperation, collaboration and coordination of policies.

### 1.2.2 Skill mismatch and weak education system

Education outcomes that do not fully meet the dynamic labour market demands, mismatch between skills and labour market needs, apathy and disappointment of the youth are among the main reasons for high youth unemployment. Substantial reform of the educational system is needed. The education system should develop a vision and ability to adapt to the current and future labour market needs.

### 1.2.3 Limited availability of part-time work opportunities for women

There are limited opportunities for young inactive women to take on part-time jobs. This could be a way to increase the labour force participation rate of women, especially those with low and medium levels of education, and to gradually overcome the traditional cultural values which hinder women's engagement with the labour market.

### 1.2.4 Employment policies insufficiently target youth

The current set of active labour market policies (ALMPs) in Bosnia and Herzegovina is limited, with an emphasis on wage subsidies to employers (in order to create new and maintain existing jobs) and self-employment. Most measures do not target specific vulnerable groups such as youth. ALMPs involving job search, counselling and similar mediation functions are lacking in the PES.

<sup>10</sup> <https://impakt.ba/bih/od-januara-86-000-osoba-nema-zdravstveno-osiguranje-preko-zavoda-za-zaposljavanje-republike-srpske/>

### 1.2.5 Limited provision of youth counselling services

ALMPs involving job search, counselling and similar mediation functions are not as strongly present in the public employment services, mainly due to the emphasis on passive measures such as processing health insurance and social insurance payments and eligibility which is the case for Federation BiH. Even though cantonal employment institutions have mediation and counselling activities as their competences in the legal framework, there is a lack of a more comprehensive and active role of these institutions in helping jobseekers find work. In the RS, according to the new Law on Employment mediation in RS (2019), public employment services have been released of health insurance processing, which has enabled them, starting from the 2020, to focus more on the provision of ALMPs<sup>10</sup>.

Brčko District of Bosnia and Herzegovina provides counselling functions within the existing Club for Job Search and the service is offered to the groups of young unemployed persons. In addition, PES of Brčko District of Bosnia and Herzegovina provides counselling through trainings between young individual unemployed jobseeker and counsellor. Both the Club and individual counselling cover the services of active and passive measures for unemployed persons such as monetary compensation, health insurance, pension issues, business, agriculture and employment of vulnerable categories.

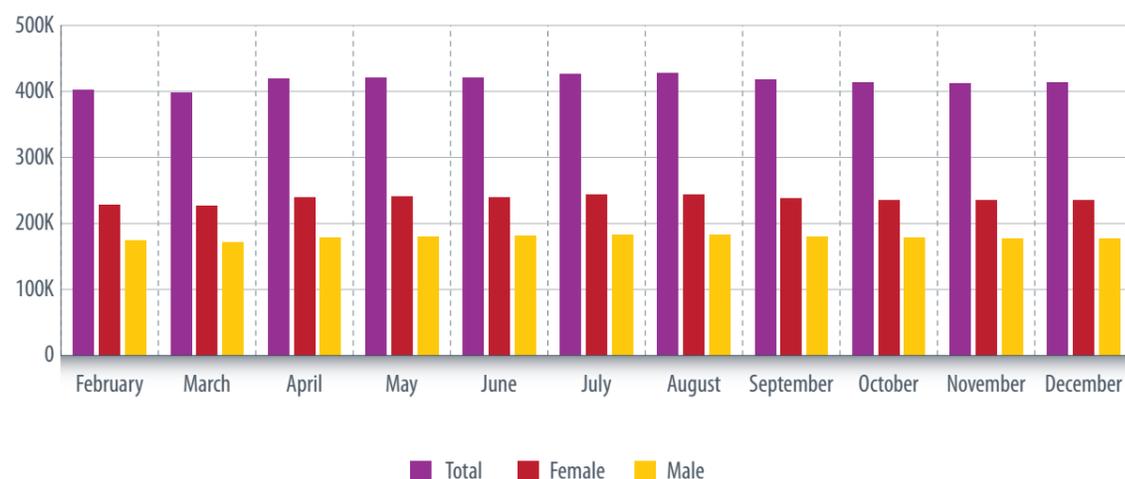
Republika Srpska PES also provides regular counselling within PES for young unemployed persons within their job selection and professional orientation in various locations. This process is actively organised annually in

two places. First is the Information centres (CV writing and job motivation for young unemployed) and the second one is Job clubs (active job search trainings) both under active guidance of Republika Srpska PES.

### 1.3 COVID-19 Pandemic

The COVID-19 pandemic has adversely affected the economy and the labour market but to a lesser extent than some of the neighbouring economies. In the first wave of the pandemic in early to mid-2020, the numbers of registered jobseekers at the PES increased, but from August began to fall back to earlier levels (see Figure 3).

Figure 3: Registered jobseekers in Bosnia and Herzegovina, 2020



Source: [Observatory on employment in the Western Balkans](#) of the RCC's ESAP 2 project; data from public employment services in Bosnia and Herzegovina.

## 2 YOUTH EMPLOYMENT POLICIES

In order to strengthen their services for jobseekers, the public employment services in Bosnia and Herzegovina have implemented a reform of advisory work under the **Youth Employment Programme (YEP) in Bosnia and Herzegovina** funded by the Swiss Agency for Development and Cooperation.<sup>11</sup> Its focus is on supporting PES to provide better services to young people, to match them with prospective employers and to encourage self-employment. The project introduced individual and group counselling services for the unemployed through which PES counsellors motivate unemployed to actively search for a job. The measures introduced through the YEP include the following:

- ▷ measures for vulnerable groups including inter alia young people without work experience
- ▷ training and retraining programmes
- ▷ employment mediation
- ▷ career guidance
- ▷ financial support for self-employment
- ▷ support for social enterprise start-ups.

This model is being introduced to all PES offices in Bosnia and Herzegovina. A network of 27 Job Clubs was established within the PESs, where young jobseekers can improve their job search skills and are encouraged by club leaders to explore different opportunities on the labour market and prospects for self-employment.

<sup>11</sup> See: <https://www.swissinbih.ba/en/project/1/youth-employment-project-yep>

<sup>12</sup> See: <http://documents1.worldbank.org/curated/en/457221482159012451/pdf/1482159025082-000A10458-PAD-December-12-2016-12152016.pdf>

<sup>13</sup> In 2017, of the 13,512 people who participated in ALMPs in RS, 11,836 received training, while 1,004 received an employment incentive. In Federation of Bosnia and Herzegovina, of the 10,638 people who participated in ALMPs only 336 received training, while 8,977 received employment incentives (McBride, 2019)..

**The Employment Support Project in Bosnia and Herzegovina 2017–2020** is a €25 million project supported by the World Bank. The project's objective is to increase formal private sector employment among targeted groups of registered job seekers. It has financed a range of ALMPs, designed to strengthen job intermediation, and modernize the monitoring and evaluation practices of the public employment services.<sup>12</sup> One of the target groups of the project is unemployed youth. The project includes:

- ▷ improving the design of ALMPs to increase employability
- ▷ strengthening the function of employment mediation to increase employability
- ▷ targeted wage subsidies
- ▷ on-the-job training
- ▷ self-employment programmes

The design and implementation of employment policies is at entity level, with different approaches adopted in each Entity. Employment services differ between the entities, with Republika Srpska preferring to offer training services and the Federation of Bosnia and Herzegovina giving preference to employment incentives (McBride, 2019).<sup>13</sup> The rest of this section describes the main features of youth employment policies at the Entity level.

## 2.1 Youth employment policies in Federation of Bosnia and Herzegovina

The policy process and scope regarding youth employment in the Federation of Bosnia and Herzegovina was within the **Employment Strategy in the Federation of Bosnia and Herzegovina 2018-2021**, adopted in July 2018 by the Government of the Federation of Bosnia and Herzegovina. This Strategy was drafted by the Federal Ministry of Labour and Social Policies, but it was not implemented, as it was not adopted by the Parliament of Federation of Bosnia and Herzegovina. The revised Employment Strategy in the Federation of Bosnia and Herzegovina for the period from 2021 to 2027, was adopted in May 2021 by the Government of the Federation of Bosnia and Herzegovina, and currently is in the parliamentary procedure.<sup>14</sup>

Youth employment policies in Federation of Bosnia and Herzegovina are carried out within employment and self-employment programmes whose goals are to reduce unemployment, ease entry into the labour market, and foster self-employment and entrepreneurship. Partners in the implementation of these projects are cantonal PESs, employers, the Ministry of Human Rights and Refugees of Bosnia and Herzegovina, the Ministry of Agriculture, Water Management and Forestry of the Federation of Bosnia and Herzegovina, the Ministry of Development, Entrepreneurship and Crafts of the Federation of Bosnia and Herzegovina and other stakeholders. The following programmes have been implemented in the Federation of Bosnia and Herzegovina in 2019:

- ▷ **“First work experience 2019”** - As part of the implementation of this measure by the end of 2019, 420 contracts were concluded with employers with a total value of BAM 2,799, 459.40, for the purpose of employing 626 young people without work experience in the profession, higher and secondary education, of which 357 women (53%). The average age of co-financed persons was 25 years, and on average they have been unemployed for 14 months.
- ▷ **“Entrepreneurship for Youth 2019”** - The implementation of this measure, by the end of 2019, included 407 young people with whom contracts have been concluded with a total value of BAM 1,907,253.25, of which 243 people have registered the activity, and 164 persons are employed in these activities. Of the total number of persons covered by this measure, 140 or 34% are women. The average age of co-financed persons was 27 years, and on average they were unemployed for 24 months.

Cantonal employment services have introduced their own programmes, including:

- ▷ Tuzla Canton - Employment Promotion Programme 2019 (youth section)
- ▷ Bosnian-Podrinje Canton Goražde - Vocational Training Programme 2018 (jobseekers with a university degree, no work experience, and aged up to 35 years)
- ▷ Sarajevo Canton - Programme for self-employment of persons up to 35 years of age and Programme for the employment of trainees with higher education.

Within the **YEP**, PES supports the development of new services by working with jobseekers



<sup>14</sup> <https://bhrt.ba/drljaca-strategija-zaposljavanja-ambiciozna-i-akcijski-orijentisana/>

and employers in cantonal employment offices. The YEP in the Federation of Bosnia and Herzegovina trains PES employees to work with service users (jobseekers and employers) by applying new methods, developing individual employment plans, creating job search clubs, supporting local initiatives and developing social entrepreneurship.

## 2.2 Youth employment policies in Republika Srpska

The basis for employment policy in Republika Srpska in 2019 was the **Employment Strategy of the Republika Srpska 2016-2020**, and the **Programme of Economic Reforms of Republika Srpska for the period 2019-2021**. The Employment Office of Republika Srpska implements the **Youth Employment Project - YEP**. Youth employment measures in Republika Srpska include the following:

- ▷ Programmes of co-financing employment and self-employment of children of war veterans “Together to work”
- ▷ Support programmes for employment by subsidising taxes and other contributions
- ▷ Programme of employment and self-employment of target groups
- ▷ Roma employment support programme
- ▷ Programme of support for graduates from higher education as trainees to gain work experience. In 2018 this involved 1,146 graduates and 651 graduates in 2019
- ▷ Training, additional qualifications and re-qualification programmes
- ▷ “Start-up Srpska” Programme for encouraging self-employment and entrepreneurship of youth under 35 years.

In 2018 this programme involved 114 people and in 2019, 115 people.

## 2.3 Youth employment policies in Brčko District

In the Brčko District of Bosnia and Herzegovina, the Employment Institute provides a self-employment scheme that includes business training, development of a business plan and mentoring.

This scheme is advertised every year through the Public Call and provides mentoring for unemployed in business and agriculture areas for the period of two years. This scheme is result of previous Brčko District of Bosnia and Herzegovina Development Strategy which was implemented in 2007-2018 with no specific active youth employment strategy nor youth action plan. The new Development Strategy is expected to be adopted throughout 2021.

## 2.4 Effectiveness of youth employment measures

The Audit Office of the Institutions of the Federation of Bosnia and Herzegovina conducted a performance audit on the topic “Youth Employment Programme Management” in 2012. The findings and recommendation from this audit were not included in subsequent youth employment policies (Federation of Bosnia and Herzegovina, Audit Report, 2019). In the Republika Srpska, the Supreme Office of the Republika Srpska Public Sector Auditing

**Table 1: Summary of youth employment policies**

Policy area	Measures targeted at youth		Non-targeted measures available to youth	
	Federation of Bosnia and Herzegovina	Republika Srpska	Federation of Bosnia and Herzegovina	Republika Srpska
Joined-up policymaking and implementation involving multi-agency work	Policy making is fragmented between the Entities and Cantons			
Wage subsidies, social insurance relief, and tax incentives for employers who take on young people	"First Work Experience"	YEP, Employment Strategy of Republika Srpska 2016-2020	Employment Support Project	Employment Support Project,
Vocational training programmes for inactive and unskilled youth, including developing digital skills	Bosnian-Podrinje Canton Goražde	..	..	
Work-based learning and training	YEP,	YEP, Employment Strategy of the Republika Srpska 2016-2020; Republika Srpska Youth Policy 2016-2020	Employment Support Project	Employment Support Project,
Unpaid internships and work experience placements	..	YEP, Employment Strategy of Republika Srpska 2016-2020	..	
Apprenticeships	..	..	..	..
Youth entrepreneurship programmes	YEP, "Entrepreneurship for Youth"	YEP, Employment Strategy of Republika Srpska 2016-2020	Employment Support Project	Employment Support Project,
Assistance to self-employed youth	Sarajevo Canton, YEP	YEP, Employment Strategy of Republika Srpska 2016-2020	Employment Support Project	Employment Support Project,
Career guidance and counselling	YEP	YEP	Employment Support Project	Employment Support Project

Source: Section 3 above.

(2020) has only completed a financial audit of the Republika Srpska Employment Office and has not carried out any performance audits of employment policies.

Table 1 identifies the ways in which the various policies, programmes and projects map into key areas of youth employment policy. It

can be seen that apprenticeship schemes are underdeveloped. However, traineeship programs are delivered in each Entity to support young people who require a period of work experience. Training programs last between 6 and 12 months and are organized in the public sector as well as in enterprises and civil society organizations (McBride, 2019).

## 3 MAPPING THE SITUATION OF NEETS

With a NEET rate of 21.6% (2018 data), ensuring that education system outcomes better meet the labour market demands needs to be a priority. NEET population is often referred to as the "lost generation" because it includes young people who have been excluded from the labour market for a long time, who increasingly

lack the skills required in the market, and who are becoming increasingly hard to employ. The young people who are not registered with the public employment agencies are called "unregistered NEETs" and form a subset of the NEET population that is most at risk of poverty and social exclusion.

**Figure 4: NEET rate for 15-24 age group, Bosnia and Herzegovina 2018 (%)**

Source: World Bank/WiiW Jobs Gateway in Southeastern Europe online data

The NEET rate in Bosnia and Herzegovina was 21.6% in 2018, with no significant gender difference between young men and young women. Most NEETs in this age group had a medium level of skill, while hardly any had a high education. There is a small proportion

of NEETs in the low skill group of youth. Since most of the students who studied at the elite gymnasiums (grammar schools) proceed to university, the unemployed or inactive school leavers are for the most part from VET schools.

### 3.1 Proposals to modify the design and delivery of policies to integrate non-registered NEETs

NEETs require active employment measures. Greater financial allocation for ALMPs is required to support youth employment and self-employment, and to intensify programmes for vocational training of NEETs. ALMPs, should tackle the problem of skills mismatch in cooperation with the education sector, private sector and public sector, and NGOs, based on the quadruple helix model.

The financial framework of the youth employment policy should be improved to enable the integration of non-registered NEETs. More funds are needed to support NEETs self-employment but also more training activities focusing on entrepreneurship knowledge and skills. Funds for NEETs start-ups need to be linked with training and mentoring during the process of starting and managing the business. An employment subsidy should be introduced (Federation of Bosnia and Herzegovina) or improved (Republika Srpska) for vulnerable NEET groups by subsidising low-wage jobs offered by private employers up to 100% of the minimum wages for a minimum period of 12 months.

Career guidance provision should be mandatory for all school and university students. This would be a strong preventive measure in reducing

the risk of becoming a NEET. It should be done through closer cooperation between public employment services and schools.

New ALMPs measures, especially in Republika Srpska, should focus more on youth **training activities** and preparation for labour market demands. ALMPs in Bosnia and Herzegovina, and especially in Republika Srpska, are mostly concentrated on employment incentives with short term effects and not on the training measures with medium- and long-term effects (McBride, 2019). These measures have a significant potential to fight skills mismatches and have a positive effect on the long term employability. More funds should be allocated to specific training activities (EU average is around one third of total funding).

- ▷ More funds are needed for **rapid training** for a known employer who has expressed interest in a particular workforce profile
- ▷ Supporting **retraining programmes** for deficit occupations
- ▷ Further develop **specific (tailored) vocational training**

Youth with university degrees are more targeted through ALMPs than most other vulnerable groups, including NEET, inactive women, less well educated jobseekers, minorities, refugees/returnees, long-term unemployed, or people with disabilities. Thus, there needs to be a more tailored and strategic approach based on effective activation policy targeted at the young “discouraged” population, with special focus on other vulnerable groups.

### 3.2 Tailored outreach mechanisms to identify and assist the most vulnerable NEET groups

An **early warning system** should be developed to identify those at-risk of becoming NEET from the most vulnerable groups. Such a system should be based on cooperation between education, employment and social services. Information about students’ attendance and performance and social services (social centres) could be used to identify and monitor the most vulnerable. For example, in Croatia, schools exchange data with employment services on students at risk of dropping out and on students who have already left school so that the employment services can proactively

contact them. Centres for Social Work should also help to identify the most vulnerable NEET and encourage them to access services that are available.

**Methods of personalised and individualised approach** and contact should be developed by PES in cooperation among youth workers, NGOs, minority associations and others. Modern methods of communication such as social media and digital marketing should be used in approaching this population rather than the traditional channels that PES sometimes use. Once identified, the employment service in partnership with local Centres for Social Work should offer them support. Vulnerable NEETs very often require special approach. Youth outreach workers and trained mediators from specific groups are needed to facilitate the process. People who were previously NEETs could be employed to give ‘peer to peer’ support to others.



### 4.3 Public employment services in Federation of Bosnia and Herzegovina

All activities of the Employment Service of the Federation of Bosnia and Herzegovina are implemented in cooperation with the ten cantonal employment bureaus. Reform of the PES has been implemented through the **Strategy for Strengthening the Mediation Function in Public Employment Services in the Federation of Bosnia and Herzegovina** (Social Security and Employment Networks Support Project, 2014). Some of the activities within its institutional capacity include the following:

- ▷ Training staff to develop individual employment plans
- ▷ Work experience training of jobseekers with a known employer
- ▷ The “Counselling to the Goal” programme to create a link between counselling work (active job search training, individual employment plan) and the participation of jobseekers in training, employment and self-employment programmes

### 4.4 Public employment services in Republika Srpska

In 2019, the Employment Bureau of Republika Srpska, in accordance with the Employment Action Plan in Republika Srpska, defined ALMPs as a priority activity. Employment mediation activities aim to increase the number of

registered vacancies submitted by employers and assess the employability of jobseekers. The Employment Bureau establishes direct contact with employers and informs them about ALMP measures and services aimed at employment of hard-to-employ persons. Counselling is a key service of the Employment Bureau of Republika Srpska to activate the unemployed in the job search process. The following activities are planned:

- ▷ interview with a jobseeker to create a personal profile
- ▷ assess the employability of the jobseeker
- ▷ determine the necessary level of assistance and support
- ▷ include the jobseeker in available ALMP programmes
- ▷ train interested jobseekers to start their own business
- ▷ draft an individual employment plan, and monitor its implementation
- ▷ assist the development of communication skills, writing a CV, job application and interviews.

Job Search Clubs have been established to increase the motivation, competencies for active job search and employability of young and hard-to-employ jobseekers. Measures in the field of career orientation, information on the choice of occupation, career planning and development of lifelong learning will be developed. Professional information will be provided on the basis of individual, direct and group informing of students in the final grades of primary and secondary schools through regular activities of the employment service and educational institutions, as well as at fairs of professional orientation.

### 4.5 Public employment services in Brčko District of Bosnia and Herzegovina

The Employment Bureau of Brčko District of Bosnia and Herzegovina carries out individual and group counselling, uses a mobile employment bureau, implements active labour market policies, provides career guidance, encourages young people to engage in non-formal education and organises the professional training of workers. It cooperates with employers and advertises their job vacancies. It issues information and publications on the

labour market. Programmes carried out by the Employment Bureau of the Brčko District of Bosnia and Herzegovina are:

- ▷ Self-employment programme aimed at raising the entrepreneurial spirit in the Brčko District of Bosnia and Herzegovina
- ▷ Self-employment programme in agriculture
- ▷ Professional training programmes for the unemployed and disabled
- ▷ Programme of employment for hard to employ youth up to 30 years of age
- ▷ Programme of employment of jobseekers from the Roma population
- ▷ Career guidance and counselling
- ▷ Implementation of the reform package in cooperation with the YEP Project.

# 5 A ROAD MAP FOR YOUTH EMPLOYMENT IN BOSNIA AND HERZEGOVINA

In the context of the governance structure in Bosnia and Herzegovina, a modular approach with a Framework Road Map at the BiH level and Roadmaps for each Entity (Federation of Bosnia and Herzegovina and Republika Srpska) and for Brčko District of Bosnia and Herzegovina are recommended to be developed. The Entity and Brčko District of Bosnia and Herzegovina Road maps will each follow the EU guidelines and draw on experience with youth employment policies and will therefore have the same structure and set of performance indicators. However, the parameters of the Roadmaps will differ from one another, in accordance with the different starting positions. For example, since the Federation of Bosnia and Herzegovina has focused its existing ALPMs for youth more on training activities, this will need to be less emphasised and the greater emphasis will need to be given to other elements of the offer to unemployed youth and NEETs such as employment subsidies. Equally, since Republika Srpska has focused its existing ALPMs for youth more on job creation and employment subsidies, this will need to be less emphasised and a greater emphasis will need to be given to other elements of the offer to unemployed youth and NEETs such as training and work experience initiatives. Both Entities and Brčko District of Bosnia and Herzegovina will need to develop an apprenticeship system as this is currently a gap in each one of them. Having said that, this section proceeds to discuss the general nature

of youth employment policies that should be developed, with the caveat that this will need to be reformulated and developed into separate Entity Road maps at a later stage in line with the Entity-focused approach outlined above.

Youth employment policies have so far not been developed in an integrated manner in Bosnia and Herzegovina. The active labour market policies and other measures have not been sufficiently targeted on the most disadvantaged young people, the NEETs, and have not been adequately financed in relation to the size of the problem. Experience from the EU and around the world identifies a number of essential components of effective policies in this field. These are summarised in Box 1.

Many of these policies have already been partially implemented in Bosnia and Herzegovina as identified in Table 1 above. Several gaps remain that need to be filled to enable a coordinated and coherent policy approach to addressing the youth employment problem, notably the introduction of an apprenticeship programme. These could best be addressed by implementing a Youth Guarantee along the lines that has been suggested by the European Commission for the EU member states, with appropriate modifications taking into account level of development and extent of progress of Bosnia and Herzegovina in the EU accession process.

This section presents the roadmap for youth employment and Youth Guarantee in Bosnia

## Box 1: Essential components of effective youth employment policies

- Joined-up policies involving multi-agency work
- Job creation: Wage subsidies for businesses who employ young people
- Youth entrepreneurship programmes
- Self-employment incentives
- Training programmes for inactive and unskilled youth
- Apprenticeships and work-based training
- Developing the digital skills of young people
- Career guidance, information and networking
- Outreach programmes to NEETs
- Building the capacity of public employment services
- Monitoring and evaluation

and Herzegovina, and while this roadmap is an important analytical input, this roadmap cannot replace or prejudice the Youth Guarantee Implementation Plan.

## 5.1 A Youth Guarantee for Bosnia and Herzegovina

The Youth Study Comparative Chapter presents key elements of the EU Youth Guarantee, including recommendations on phases and stages stemming from Recommendation of the Council of the European Union (2020) and the European Commission's Economic and Investment Plan for the Western Balkans, (European Commission, 2020a, 2020b),

respectively (for full details, please consult the Comparative Chapter). Thus, while this section of the Annex for Bosnia and Herzegovina may contain some repetitive material to the Comparative Chapter, its purpose is to contextualize these recommendations to the Bosnia and Herzegovina context.

As noted in the Comparative Chapter, it is important to distinguish between the **chronological, implementation stages** of the Youth Guarantee (of the European Commission's Economic and Investment Plan for the Western Balkans) and the **thematic policy phases** of the Youth Guarantee (of the European Council).

The Economic and Investment Plan for the Western Balkans for the Flagship 10, Youth Guarantee proposes four **chronological-implementation stages**, with a zero stage of awareness raising, the **four chronological-implementation stages** with zero stage are:

- ▷ **Stage 0: Awareness raising, Political Commitment and Creation of a Task Force**
- ▷ **Stage 1: Youth Guarantee Implementation Plans**
- ▷ **Stage 2: Preparatory work--** capacity building of stakeholders and authorities, resources made available, mechanism and systems enhanced, feasibility and technical studies
- ▷ **Stage 3: Pilot phase--** to test the measures that have been planned on the new intake of NEETs who have been identified through the outreach programme in a selected number of local authority areas
- ▷ **Stage 4: Rollout to full implementation** – based on the evaluation of the pilot phase, modifications to be made to the Youth Guarantee plan, and commence with its full implementation

For the **thematic-policy phases according to the European Council recommendation**, following four phases are recommended:

- ▷ Phase 1: Mapping
- ▷ Phase 2: Outreach
- ▷ Phase 3: Preparation
- ▷ Phase 4: Offer (of an opportunity in employment, education or training).

with three crosscutting enablers:

- ▷ Mobilising partnerships
- ▷ Improving the data collection and monitoring of schemes
- ▷ Making full and optimal use of funds

Section 5.2 provides recommendations related to the **chronological, implementation stages** related to the introduction of the Youth Guarantee in Bosnia and Herzegovina .

Section 5.3 provides recommendations related to the **thematic-policy design phases** of the Youth Guarantee, tailored to the Bosnia and Herzegovina context.

## 5.2 Youth Guarantee- Chronological Stages according to the Economic and Investment Plan

### 5.2.1 Stage 0: Awareness raising, Political Commitment and Creation of a Task Force(s)

The first step in designing and implementing a viable youth guarantee scheme in each

economy is the mobilisation of political will and creation of relevant Task Force(s), taking into account the BiH context and governance structure. Political leaders will need to promote the policy concept among their stakeholders and supporters, as well as more generally in the media and among the wider public.

In order to establish a youth guarantee scheme in Bosnia and Herzegovina, the first step should be to appoint a Youth Guarantee Coordinator at the Ministry of Civil Affairs of Bosnia and Herzegovina, as well as Youth Guarantee Coordinators in Federation of Bosnia and Herzegovina, Republika Srpska and Brčko District of Bosnia and Herzegovina, at the appropriate level. The Coordinator at the Ministry of Civil Affairs would provide overall coordination, while Coordinators in two entities and the Brčko District of Bosnia and Herzegovina would provide leadership for the design and implementation of the guarantee packages and would advocate for the swift introduction of the measures at the respective administrative levels.

Relevant ministries, governmental departments and agencies should be involved in the Youth Guarantee Steering Groups/Task Forces, which would form the inter-ministerial Task Force(s) to establish a youth guarantee. It should consist of relevant institutions, such as the ministries responsible for labour, public employment service(s) and representatives of the social partners and youth organisations.

Task Force(s) should be established to develop the concepts and operational guidelines for the scheme. Task Force(s) should be chaired by senior youth guarantee “policy champion(s)” who would be a high-level member of the government(s). The members of the Task Force(s) would include ministers/assistant ministers from relevant ministries in charge of policies regarding employment, education, training, social affairs, youth, housing and

health systems. Representatives of the ministries of finance should also belong to the Task Force(s) to ensure that adequate funding is available. The policy champion(s) should engage with relevant institutions outside government including business associations and chambers, associations of education and training institutions, and international donors. The Task Force(s) should take evidence from academic experts from universities and think tanks as well as from NGOs operating in the field of youth employment and youth policy. The responsibility of the Youth Guarantee Coordinator(s) would be to ensure that effective coordination and partnerships are implemented across all policy fields relevant to the integration of NEET and marginalised youth.

### 5.2.2 Stage 1: Implementation Plans

During this stage, Youth Guarantee Implementation Plan would be developed. The Youth Guarantee Coordinator(s) should begin with the creation of a Youth Guarantee Implementation Plan for 2021-2027, aligned with the IPA III timetable. The main objective of the Youth Guarantee would be faster activation of young people in the labour market. Special intensive Youth Guarantee measures would need to be developed for the long-term unemployed and inactive persons who would nevertheless consider working or further education or training if the opportunities were available.

### 5.2.3 Stage 2: Preparatory Work

In this stage, capacity building of stakeholders and authorities at all relevant governance levels

should take place as well as resources made available, mechanisms and systems enhanced, feasibility and technical studies completed.

The capacity of the PES, at all relevant levels, to provide the services to be offered by the Youth Guarantee will require a period of capacity building and preparation of new activation measures, involving training of PES staff to deal with the particular problems of young unemployed jobseekers and NEETs.

### 5.2.4 Stage 3: Pilot Phase

An initial pilot programme should be implemented to test the measures that have been planned on the new intake of NEETs who have been identified through the outreach programme in a selected number of local authority areas (cities/towns/municipalities). The participants in the pilot Youth Guarantee should be given individual career management plans by dedicated and trained officers of the PES. These plans should contain information about opportunities for employment, education or training, with specific offers for each individual participant. The effectiveness of the pilot phase should be assessed through carefully designed evaluation studies to identify which measures work best for NEETs and which do not. This will inform an adaptation of the Youth Guarantee in preparation for its full roll-out and implementation. The Youth Guarantee should then be (re)designed on the basis of the evidence gathered, and in a final stage, stage 4 rolled out to the entire economy.

### 5.2.5 Stage 4: Full Rollout

On the basis of the findings from the evaluation study of the pilot phase of the Youth Guarantee, the package of measures should be adjusted

to take into account those measures that have proved to be most effective and relevant to the needs of different NEET groups. These would be entered into a modified Youth Guarantee which should be rolled out to cover the entire economy.

## 5.3 Youth Guarantee- Thematic, Policy Phases, according the Council recommendation of 30 October 2020

### 5.3.1 Phase 1: Mapping

The focus of this phase is the mapping of the target group to enable a better understanding of the diversity of NEETs and the tailored support they are likely to require.

The PES at respective governance levels in BiH should develop mapping systems, early warning and tracking capabilities to identify young people at risk of unemployment or inactivity. Research should be carried out to identify the different needs of the various categories of young people, including those already at school, early school leavers without a job or inactive, graduates from secondary school level who face difficulties entering the labour market as first-time jobseekers and those who are either long-term unemployed or inactive but would like to work, and university graduates who do not have a job, especially young women graduates without work or who would like to start their own business but face financial or other barriers to doing so.

### 5.3.2. Phase 2: Outreach

In order to get an offer of employment, continued education, apprenticeship or traineeship with the Youth Guarantee, a young person among the eligible categories should be obliged to register with the PES, and for some categories it is necessary to do some work prior registration with the PES, which may include work with social services and NGOs.

The capacity of the PES, at all levels, to reach out to encourage greater numbers of young people to register for the Youth Guarantee will need to be further developed. Outreach programmes should be developed for the hard-to reach NEETs. These may be young people with low skills who have only completed primary compulsory education, or youth from vulnerable groups. **Outreach Strategies** should be developed to identify the best way to involve partnerships between PES and other institutions working with young people, such as Centres of Social Work, schools and universities, youth organisations, community groups and youth NGOs. The strategies should encourage these organisations to reach out to marginalised youth to inform and motivate them to register with the PES as soon as possible after they complete schooling or graduate from university, or if they are in a NEET situation.

### 5.3.3. Phase 3: Preparation

This phase includes new activation measures; prevention measures to tackle early leaving from education and training by disadvantaged youth; strengthening the existing, and more intensive measures of active employment policy for less advantaged young people such as NEETs with low and medium levels of education.

The Youth Guarantee should ensure that all young people are supported by the relevant PES to access the labour market through the provision of high-quality public employment services, including the provision of labour market information on vacancies, and improved career counselling and guidance services, as well as tools for independent career management. Prevention measures to tackle early leaving from education and training by disadvantaged youth should be designed and implemented. For more advantaged young people, such as graduates from school or university, measures of job referral procedures and career counselling and mentoring are already available and should be strengthened. For less advantaged young people such as NEETs, more intensive measures of active employment policy should be provided, as well as the opportunities for further education and skills development. Additional interventions should address young people's preferences and personal development needs, for instance through age-appropriate communication, peer-to-peer learning, positive adult-youth relationships, and support to goal management. After registering with PES, eligible young people within the target group should be provided with information and basic career counselling by a Youth Guarantee Counsellor. An initial career counselling session would aim to identify the specific needs of the client, their employability, interests and competences. This would lead to an agreement on the client's employment targets and follow-up activities, including the type of offer that would provide the best match to the identified needs. For those who have completed profiling and are ready for employment, appropriate support should be provided, including creation of a high-quality CV and profile in relevant job portals and provision of job referrals to employers who have partnered with the Youth

Guarantee. Participants enrolled in the Youth Guarantee would be provided with information on possibilities and opportunities for training, education, or realisation of their business ideas. After three months of unemployment, another round of career counselling should be provided which would involve checking the effectiveness of the activities already carried out and the job or training application documents, including the profiles in the job portal. A further agreement on activities to be carried out under the Youth Guarantee should be drawn up after an intensive set of job-search or training/apprenticeship application activities have been agreed. Such activities should comprise intensified career counselling, the creation of new employment objectives and intensified job search activities, and inclusion in a group workshop on career management skills provided by the PES. In this phase, the measures of the Youth Guarantee would introduce a greater focus on opportunities for education and training that are available, with the aim of increasing the client's employability. After four months of unemployment and/or after completion of different forms of training, the client should be offered a more intensive service and additional measures of support within the Youth Guarantee scheme. The intensified services could include in-depth career counselling and/or enrolment in a group learning career management skills provided by specialised private companies.

The measures would also include more intensive incentives for employers (employment subsidies, co-financed traineeship in certain sectors, mentoring schemes) to encourage them to provide a suitable offer of employment or training to eligible young people from the various target groups. Young jobseekers should also be provided with a similar set of incentives to start up their own individual business, or join together to start up cooperative businesses.





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## 7 APPENDIX: LABOUR MARKET INDICATORS BY GENDER AND EDUCATION

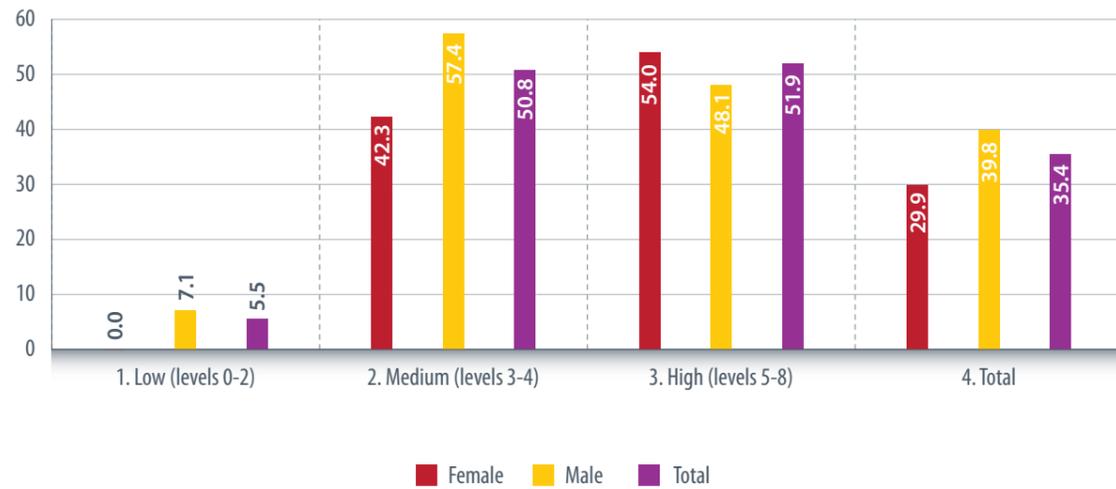
This appendix shows the main labour market performance indicators for 15-24 years age group in Bosnia and Herzegovina in 2020 and 2019.

**Table A1: Labour market in Bosnia and Herzegovina, 2019-2020 (in %)**

	Bosnia and Herzegovina (2020)	Bosnia and Herzegovina (2019)	Federation of Bosnia and Herzegovina (2019)	Republika Srpska (2019)	Brčko District of Bosnia and Herzegovina (2019)
Employment rate (15+)	40.1	35.5	31.9	42.2	22.9
Employment rate (15-24 years)	21.0	23.4	21.3	27.5	17.9
Employment rate (15-24 years; male)	26.0	27.4	25.2	31.4	23.3
Employment rate (15-24 years; female)	15.8	18.6	16.8	22.4	12.4
Unemployment rate (15+)	15.9	15.7	18.4	11.7	24.1
Unemployment rate (15-24 years)	36.6	33.8	39.0	23.8	48.7
Unemployment rate (15-24 years; male)	32.5	31.3	36.7	20.6	50.1
Unemployment rate (15-24 years; female)	42.8	37.9	42.7	29.1	46.0

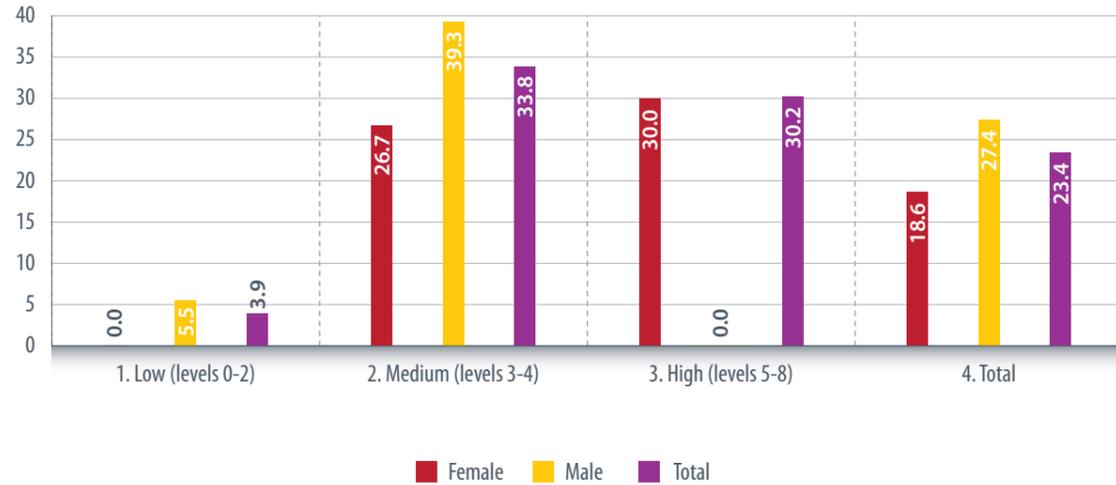
Source: Labour Force Survey (2019 and 2020) Agency for Statistics of Bosnia and Herzegovina.

**Figure A1: Labour force participation rate by gender and education level, 15-24 age group, Bosnia and Herzegovina, 2019 q2 (%)**



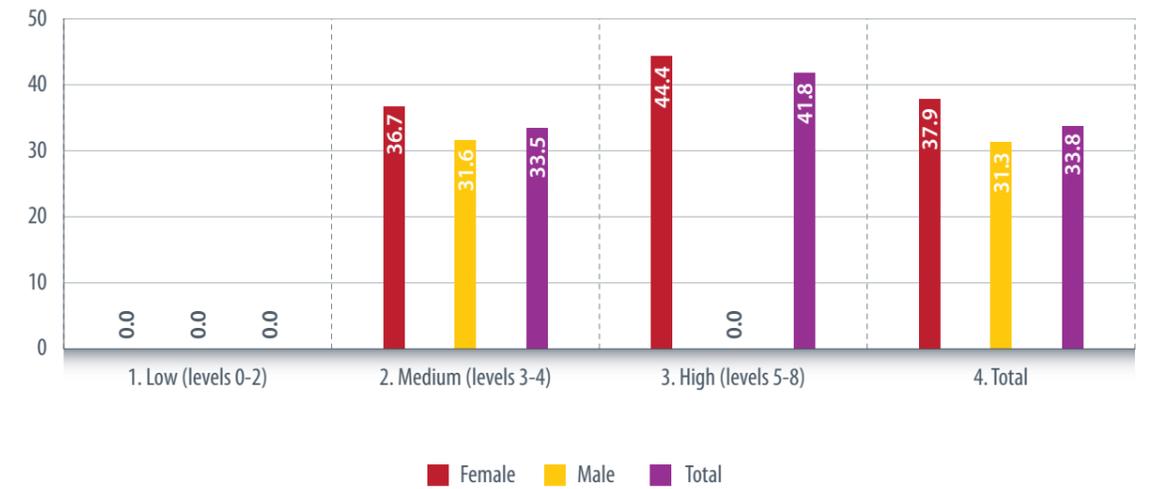
Source: World Bank/WiiW Jobs Gateway in Southeastern Europe online data

**Figure A2: Employment rate by gender and education level, 15-24 age group, Bosnia and Herzegovina, 2019 q2 (%)**



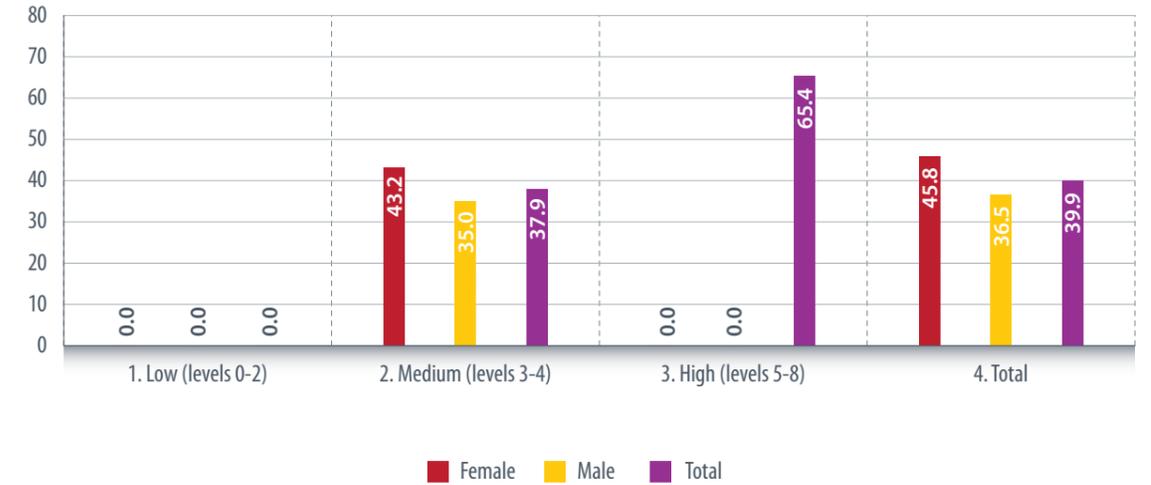
Source: World Bank/WiiW Jobs Gateway in Southeastern Europe online data

**Figure A3: Unemployment rate by gender and education level, 15-24 age group, Bosnia and Herzegovina, 2019 q2 (%)**



Source: World Bank/WiiW Jobs Gateway in Southeastern Europe online data

**Figure A4: Temporary employment as a share of total employment by gender and education level, 15-24 age group, BiH, 2019 q2 (%)**



Source: World Bank/WiiW Jobs Gateway in Southeastern Europe online data

**Table A2: Educational level of working age population, 2019 (%)**

	Employment	Unemployment	Inactive persons	All youth	Unemployment rate (%)
Primary school and less	16.1	14.2	51.4	36.4	14.1
Secondary school and specialisation	68.0	74.1	43.2	54.1	16.9
College, university, masters, doctorate degrees	16.0	11.7	5.4	9.6	12.0
Total	100.0	100.0	100.0	100.0	

Source: Labour Force Survey (2019) Agency for statistics Bosnia and Herzegovina

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