Davorin Pavelić

Study on
YOUTH
EMPLOYMENT
in Bosnia and Herzegovina

Implementing leading organization
CISP
COMITATO INTERNAZIONALE PER LO SVILUPPO DEI POPOLI
ITALIAN COOPERATION

The promotion and the protection of children and youth rights is the inspiration and basis of the UN Convention of 1989 and two UN Optional Protocols on the Rights of the Child of 2002.

Those principles are an integral part of Italian foreign policy that through an integrated multi-sector approach and different technical cooperation initiatives involve, as beneficiaries, children and youth. Obviously, if the mentioned initiatives are not conducted in synergy among all countries, the desirable changes in political and institutional processes will not be achieved.

Italy is promoting activities and initiatives of cooperation, financing projects of local institutions, Regions and Italian NGOs to address the conditions of children and youth. The Programme “Improving the Conditions of Children and Youth in Bosnia and Herzegovina” - involves a Temporary Association of five Italian NGOs and highlights the attention the Italian Government gives to the promotion of youth and children issues, a commitment of 8 million Euros for Bosnia and Herzegovina.

The Programme “Improving the Conditions of Children and Youth in Bosnia and Herzegovina” presents ambitious objectives and includes various components in order to systematically embrace the entire youth sector in Bosnia and Herzegovina either on the governmental level supporting the activities of the newly formed Commission for the Coordination of youth issues in BiH, or on the local level entering in direct contact with young people of included municipalities through trainings, promotion of youth entrepreneurship and visits to Italy. Moreover, the media component represents an important part of the Programme, which aims to raise awareness and strengthen civil society about youth issues while making young people more aware of issues that concern their future.

One of the goals of the Programme is the coordination and collaboration among Italian and Bosnian institutions and young people. In this framework, it is important that representatives of Italian local institutions that have demonstrated an active role in the reconstruction and development of Bosnia and Herzegovina and that are able to provide direct examples of integration of the youth policies in the local level play an active role in the contribution of future initiatives.

The study on Youth employment in Bosnia and Herzegovina is one of the initiatives of the Programme for Improving the Conditions of Children and Youth in Bosnia and Herzegovina, financed by the Italian Cooperation.

Study as it's goal aims to give an insight in to youth unemployment, analysing the different aspects of the issue and providing new data about the problem. The study is done in such way that it represents a referential document on the topic and it should provide good base upon which the relevant institutions in BiH can start to build solutions.

Using the study BiH stakeholders can better foster dialogue and the consultation process in order to draft adequate proposals and tackle this problem in the society.

Aldo Sicignano
Director
Italian Cooperation Office Sarajevo
Embassy of the Republic of Italy
It is enough to live in Bosnia and Herzegovina for a short period of time and to get to know in how difficult situation are young people in this country. Because of lack of job opportunities for the young generations of the society, one of the most common desires amongst young is to leave the country and live and work elsewhere in Europe and the world.

This study, which is one of the many important initiatives of the Programme for Improving the Conditions of Children and Youth in Bosnia and Herzegovina, is financed by the Italian Cooperation. As its goal it aims to give a scientific insight into youth unemployment problem analysing the different aspects of the issue and providing new data about the phenomenon.

My special thanks goes to the many municipalities of Bosnia and Herzegovina that are involved in the Programme that have actively participated in the research, building grass root youth movement, mobilizing their communities, educating youth how to address their problems, creating dialogue between the interested parties, providing guidance and support to their partners catalyzing the process that will eventual bear the fruit of success, (Bugojno, Kupres, Jajce, Novi Travnik, Prozor-Rama, Donji Vakuf, Mrkonjić Grad, Šipovo, Teslić, Kotor Varoš, Sanski Most, Gradiška, Vareš, Breza, Žepče, Fojnica, Busovača, Vitez, Goražde, Sokolac, Nevesinje, Čajniče, Kalinovik, Višegrad, Osmaci, Šekovići, Lopare, Ugljevik, Vlasenica, Modriča).

I also wish to thank to the Programme staff that collected many questionnaires and Haris Sahačić, from the Programme main office, who inserted over 600 questionnaires of the research in the database.

Maria Alessandra Verrienti
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"Improving the Conditions of Children and Youth in Bosnia and Herzegovina"
CISP Sarajevo
TOWARDS YOUTH EMPLOYMENT POLICY

Bosnia and Herzegovina
# ACRONYMS AND ABBREVIATIONS

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<tr>
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<tr>
<td>BiH</td>
<td>Bosnia and Herzegovina</td>
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<td>FBiH</td>
<td>Federation of Bosnia and Herzegovina</td>
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<td>RS</td>
<td>Republika Srpska</td>
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<td>SEE</td>
<td>South East Europe</td>
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<td>GDP</td>
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<td>ILO</td>
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<td>USAID</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>OIA</td>
<td>Youth Information Agency</td>
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<td>LSMS</td>
<td>Living Standards Measurement Survey</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>NHDR</td>
<td>National Human Development Report</td>
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<td>PES</td>
<td>Public Employment Services</td>
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<td>WB</td>
<td>World Bank</td>
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<td>MoCA</td>
<td>The Ministry of Civil Affairs of the BiH</td>
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<td>MoLS</td>
<td>The Ministry of Labour and Social Policy of the FBiH</td>
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<td>MoLWV</td>
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A Introduction

Rationale for B&H Youth Employment Policy

1. Youth in Bosnia and Herzegovina (B&H) is on the margins of the society and their involvement in social, political and economic life of the country is minimal. Unfortunately, great potentials of this segment of population are heavily underutilized, preventing B&H to use them as a catalyst of change and development which is very much needed in this country. Up-to-day, issues that youth in B&H is faced with are very low on the agenda of the main political and government structures. Just recently the first step was made through the establishment of the Commission for Coordination of Youth Issues in Bosnia and Herzegovina that is placed with the B&H Council of Ministers. Although there are some initiatives aiming to address youth issues, it is not likely that the applied piece-meal approach would provide a solution for the problem and improve situation significantly.

2. Poor economic situation, difficulties that youth experience in finding jobs and poor quality of jobs available to youth are resulting with a notion of complete lack of prospects among youth. Lack of prospects is causing emigration of youth, in majority cases the most skilful and highly educated young people. “Brain-drain” is becoming a serious issue which could in a long run harm B&H development prospects. This has been confirmed in a UNDP survey which showed that 62% of interviewed youth wanted to leave Bosnia and Herzegovina\(^1\). The Mid-Term Development Strategy for Bosnia and Herzegovina (PRSP) also states that unemployment is probably the major problem affecting young population\(^2\).

3. Although unemployment affects all segments of population in Bosnia and Herzegovina, there are several groups which are more and disproportionally affected by unemployment. Youth aged between 15 and 29 years is one of these groups. Neglected by government and politic as well as by society in general, youth is left to themselves and those who are willing to take advantage of lack of care by B&H institutions for young people. Saying this we primarily refer to employers providing low quality and low-pay jobs to young people, without registering them formally. Large share of youth in BiH find their

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\(^1\) Between 1996 and 2004 about 100,000 young people left Bosnia and Herzegovina.
\(^2\) Page 16, Mid-Term Development Strategy of Bosnia and Herzegovina (PRSP) 2004 – 2007; March 2004, Sarajevo
jobs in informal sector or they have low-paying jobs that are not providing an income sufficient to cover basic needs. Since this group of population makes about 1/4 of total B&H population and since significant share of youth is jobless or working under unfavourable conditions, it will be crucial to address issues that this segment of population is faced in a structured way, based on comprehensive youth employment action plan.

4. **Non-existence of youth policy prevents any structured approach to improvement of youth situation.** This policy paper aims to review youth employment situation and address issue of youth unemployment and employment in a structured way as well as to raise awareness about the problem and bring this issue on the top of the agenda of political and administrative structures in Bosnia and Herzegovina. Through a detailed analysis of youth labour market, identification of youth labour market disadvantages and causes that are inducing these disadvantages, policies that will address identified issues are going to be created. Proposed policies will serve as a baseline document for activities of the Commission for Coordination of Youth Issues in Bosnia and Herzegovina as well as for activities of other respective government and non-governmental institutions and organizations dealing with youth employment issues.

**Definition of Youth**

5. **For the purpose of this policy paper, the term “youth” covers persons aged 15 to 29 years, the term “teenager” covers persons aged 15 to 19 years and the term “young adults” covers persons aged 20 to 24 years.**

Large part of the document is focused on and deals with the population aged between 15 and 24 years. The main reason for such approach is the fact that this age group suits international definition of youth and because acceptance of internationally recognized definition will enable us to compare youth situation in Bosnia and Herzegovina with situation in other countries. Another reason for acceptance of this definition is availability of statistical data. All available data referring to age structure of population in Bosnia and Herzegovina are given for the age group 15 to 24 years and no data is available on age group between 15 and 29 years. However, because of the specificity of the situation in Bosnia and Herzegovina that is characterized with extremely high unemployment rates and long term unemployment, an effort was maid to also collect data and analyze situation of the age group between 24 and 29 years. This was done through survey and focus groups held during development of this policy paper.
International Context

6. Today, out of 1 billion of young people, 85% live in developing countries with little or no opportunities to get good and quality jobs. Youth employment is an issue that is increasingly capturing attention of governments and international organizations all over the world and it is becoming a significant part or focus of national strategies. United Nations, World Bank and International Labour Organization are taking lead role in addressing issue of youth employment and unemployment. In the attempt to increase national governments’ commitment in resolving issues of youth employment / unemployment, United Nations in cooperation with other organizations and member countries adopted several declarations.

7. International organizations adopted several declarations related to youth situation, inviting governments to adopt and implement policies, strategies and action plans for improvement of youth position in labour market. One of them is the Millennium Declaration which calls for governments to “develop and implement strategies that give young people everywhere a real chance to find decent and productive work.” In the year 2002, Secretary General of the United Nations, initiated creation of Youth Employment Network. On the basis of that initiative, in December 2002, General Assembly adopted the Resolution on Promoting Youth Employment. This resolution encourages Member States to prepare national reviews and action plans on youth employment. As a follow-up to this Resolution, guidelines for the preparation of national reviews and action plans were sent to all UN Member States in March 2003, inviting Governments to submit their action plans to the UN Secretariat not later than March 2004. Besides the above mentioned initiatives it is worthwhile to mention two other documents that are also setting the frame and providing recommendations and guidance pertinent to the issues that should be addressed in the area of youth employment.

8. Lisbon Declaration on Youth Policies and Programs\(^3\) defines framework for youth national policies and that framework addresses issues of youth participation, development, education, employment, health and drug and substance abuse. Development, design and implementation of youth employment policies and programs should be based on regular research on youth unemployment which is also

\(^3\) At the World Conference of Ministers responsible for Youth, convened by the Government of the Portuguese Republic in cooperation with the United Nations, in Lisbon from 8 to 12 August 1998, governments committed themselves to develop and implement national youth policies; Lisbon Declaration on Youth Policies and Programs\(^3\); Lisbon, Portugal, 12 August 1998
taking into account labour market trends and demand. Within the part related to youth employment, the Declaration proposes that national youth policies should ensure that equal opportunities are available to young women and young men for income-earning work as well as equal protection against discrimination. The Declaration gives high importance to creation of partnerships among public authorities, private sector and educational institutions, along with civil society initiatives, for the promotion of youth employment. Governments should promote employment-oriented education and training and ensure that education continuously adjust to changing economic environment. Educational and training institutions should provide youth with career counselling. Governments should also invest in entrepreneurial capacity of youth, providing them with skills and resources to establish their own businesses thus giving special attention to rural areas.

9. **The European Union**\(^4\) proposes that Youth policies, because of their multi-sectoral nature, address different levels of government, primarily government institutions at the State and at community / local level. Reasoning for addressing community / local government level lays in the fact that local level is the first and, in many cases, only government level young people get in contact with. Strategy also calls (the key objective V) for promotion of development of national action Plans on youth policy in the countries of South Eastern Europe. It was recognized that youth policies in some of the countries in South East Europe need strong support from the rest of Europe, and that the EU must take an active part in promoting the recommendations of the Working Group on Young People within the Working Table I of the Stability Pact. This Working Group recommends for countries in the region to develop national action plans on youth policy in co-operation with young people and youth organizations.

**Key objective one** is related to increase of youth activity rates to 70%, increase of employment levels among young, promotion of access to quality jobs and access to training, retraining, work practice and other employability measures. Young people should be guaranteed high quality education and training to improve their ability to gain employment.

**Key objective two** is related to achievement of equality in labour market for all young people and improvement of employment conditions of young. The key objective two also aims to prevent discrimination against young people in labour market on the basis of age and introduce legislation, where none existent, to ensure that young people are entitled to the

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\(^4\) Strategy and Key Objectives for a Youth Policy in the European Union: Second Contribution of the European Youth Forum to the European Commission's White Paper on Youth Policy; Adopted by the Council of Members Bruxelles / Brussel (Belgium); 6-7 April 2001
same conditions as other workers and are not used as a source of cheap, dispensable labour. In order to prevent discrimination, young people should be informed on their rights in relation to working conditions.

**Key objective three** is related to reduction of social exclusion among young people, enabling youth to have access to adequate levels of social protection, especially young people who are not in education, training or employment and do no receive unemployment benefits. Vulnerability of young people during the transition from education to employment must be recognized by ensuring that young people have access to sufficient social protection to allow them to live autonomously.

10. **European Employment Strategy**[^5] requires that every unemployed young person should be offered a new start in a form of training, retraining, work practice, a job or other employability measure, before reaching six months of unemployment. Strategy also aims that, by 2010, at least 85% of 22 years old should have completed upper secondary education. Also, percent of early school leavers should be under 10% by 2010.

B Support System

11. Existence of efficient support system is crucial for youth preparation for the world of work, easy transition from education to employment and integration in labour market. Education system, government institutions, NGO sector and donor organizations all play important role in provision of assistance and support to youth. All players should act in a coordinated manner and complement each other while providing support within their domains.

Figure 1 Support System

### SOME ROLES OF THE ELEMENTS OF SUPPORT SYSTEM

**EDUCATION SYSTEM**
- Flexible and in line with the labour market demand
- Employment oriented education
- Career counselling and professional orientation
- Provision of opportunities for gaining work experience and connecting what is learned in school to what is needed for successful employment
- Entrepreneurship training

**GOVERNMENT INSTITUTIONS**
- Social safety net
- Provision of training, retraining and work practice opportunities
- Job creation programs for youth
- Provision of guidance and counselling
- Provision of labour market information
- Job-matching services
- Youth self-employment and SME schemes

**NGO SECTOR**
- Provision of assistance to youth not covered by the government support system
- Advocacy and lobbying for youth interests
Towards youth employment policy

Government and Youth Labour Market

Legal framework

12. **Labour Laws, despite some rigidity in the text of laws, seem to be rather modern and in compliance with the EU member countries legislation**\(^6\). However, there is definitely a space for improvement of the exiting labour related legislation. The World Bank, in its annual survey focussing on the analysis of business environment in different countries\(^7\), also measures rigidity of labour markets related to hiring and firing of workers. According to the above WB survey, difficulty to hire index for Bosnia and Herzegovina is lower then in some other SEE countries (Croatia, FYR Macedonia, Slovenia, Romania) however, it is still much higher then the ones in Europe and Central Asia region and the average of the OECD countries. BiH’s high score in comparison with the region and OECD average is a product of the rigidities of legal provisions related to use of the term ‘employment contracts’. Bosnia and Herzegovina has the highest hiring cost index in comparison with Europe and Central Asia region, OECD average and other transitional and SEE countries. Employers who are hiring new workers incur high additional costs related to social security payments and payroll taxes.

13. **Labour Laws prescribe that an employer must sign a written contract with an employee however, large percentage of employees, especially young people, have no formal contract of any kind with their employers.** Young people working without contracts cannot prove that they have working experience. Also, once fired, they cannot initiate proceedings or achieve certain rights (use of the legal remedy, register in Employment Bureau, file claims for achievement of the right to unemployment benefits, regulate right to health insurance and many other rights). The only redress mechanisms left to employees are court proceedings. However, because of high costs associated with court proceedings and their length, it is not likely that young workers will even try to use this mechanism to protect their rights.

14. **The existing system of determination of minimum wage negatively influences labour mobility, especially labour mobility of young and unskilled workers (two groups over-represented in informal sector) from informal to formal sector**\(^6\). Main criticism regarding Labour Codes is directed towards the rigid system of wage

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\(^6\) Labour Market in Post-War Bosnia and Herzegovina, November 4, 2002; The World Bank

\(^7\) Doing Business in 2006: Job Creation; The World Bank.
determination as well as system of collective bargaining, where employers from private sector have little participation and influence. Current rigidities in labour legislation significantly contribute to the size of informal sector. Regarding youth position in labour market and system of wage determination, the WB proposes introduction of youth minimum wage. This recommendation is a response to high youth unemployment rate and existing impediments placed in front of youth while getting job in formal sector. Cross-country analysis of the impact of separate minimum wage on youth employment indicate that such a policy produces different results in different countries and impact on youth employment depend on other institutional arrangements in labour market. It primarily depends on system of collective bargaining, rigidity of labour standards and level of use of active labour market policies in specific country.

15. **There is no social safety net for unemployed youth and large part of employed youth is denied basic employment rights.** Present social safety net for unemployed is insignificant in terms of coverage and provides little security to unemployed. This is especially case with unemployed youth. In fact, there is no social-safety net for unemployed young people so young people are either dependent on their families’ assistance or they cope with such a situation by engaging in occasional, low paid and low quality informal jobs. Although Labour Laws in BiH prescribe that employees are entitled to health care and other forms of social security, generally weak enforcement of laws in BiH and, consequently, large informal sector usually deny these rights to workers. This, again, because of their large share in informal sector, has largest effects on young workers.

16. **Young people have little possibility to get employment in State institutions which are still one of the main employers in Bosnia and Herzegovina.** The existing legislation prescribes minimum two years of working experience as one of the criteria for applicants on vacancies in the State institutions. Majority of youth have no formal working experience and, because of that, are not eligible to apply on vacancies in the State institutions.

17. **Legislation in BiH imposes significant restrictions on job brokerage and mediation.** This is primarily related to restrictions or lack of bylaws that would enable establishment of private employment agencies. Role of public employment services in job brokerage is minor. Existence of private employment agencies could significantly contribute to improvement of functioning of labour market thus helping youth to access information on job

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*Bosnia and Herzegovina, Labour Market Update; November 2005; The World Bank.*
opportunities and receive more efficient job placement assistance. Even the survey performed by the Employment Agency of the FBiH indicates that there is significant space for improvement in this area since there are a large percentage of open and unfilled jobs.

**Government Support Institutions**

18. **Public administration should be capable to develop coherent national youth employment policies and their regular monitoring and revision and provide assistance and support to unemployed youth.** Primary function of public administration in the area of employment is creation of national employment policy and national employment action plan. Unfortunately, such documents do not exist at the State level nor exist they at the Entity and Cantonal levels. Present redistribution of functions in labour and employment sector between different government tiers in BiH raises concerns about public administration system capability to develop and implement country wide employment policies and, consequently, youth employment policies. Beside absence of necessary functions at the State level, the capacities of the State and other levels’ institutions in labour and employment sector are questionable.

19. **Youth policies should be decided and based on sound analysis of comprehensive set of data related to youth position in labour market.** Governments should ensure that data on youth unemployment and employment and labour market trends and demands are collected and analyzed on regular basis. Data on youth economic activity status should provide a basis for in-depth analysis of position of different groups of youth population in labour market and comparison between youth and adults position in labour market. Also, data should provide a basis for identification of potential inequalities and discrimination of different groups of youth population as well as potential inequalities and discrimination in comparison with adults’ position in labour market.

20. **Government institutions have done little or nothing in order to gather and analyse data that would provide good insight in youth position in labour market.** Besides the UNDP survey performed in 2000, there was no other attempt to collect comprehensive set of data on youth in Bosnia and Herzegovina. Other sources of fragmental data about youth position in labour market are coming from Employment Services, Statistical Agencies and Pension and Health Funds or from different surveys financed by international
organizations (Living Standard Measurement Survey (LSMS) of 2001\(^9\) and series of household surveys\(^{10}\)). However, these data were not collected with an aim to determine youth situation and they provide only small part of information about youth position in labour market.

Employment Services

21. Each entity, as well as each Canton in the Federation of Bosnia and Herzegovina, has Employment Services. Mandate, organization, financing and work of Entity and Cantonal Employment Services are defined by the entity employment laws\(^{11}\). Among 10 Cantons in the FBiH, only Sarajevo Canton has its own Employment Law. The organization and operations of Employment Services in the FBiH and the RS differ significantly. While the RS Employment Services’ organization is rather centralized\(^{12}\), in the FBiH, the Employment Agency of the Federation of Bosnia and Herzegovina has little authority over 10 Cantonal Employment Agencies\(^{13}\). FBiH Entity and Cantonal Employment Services are in charge of provision of social security for unemployed and design and implementation of measures that should sustain existing or increase rates of employment.

The core functions of Employment Services are following:

- Registration of unemployed and determining eligibility for assistance and benefits;
- Provision of social security to unemployed;
- Mediation in the labour market;
- Gathering data and analyzing situation in labour market;
- Design and implementation of active labour market measures.

22. Employment Services in both entities are critically understaffed and underfinanced and majority of their activities and resources are used for registration and social security of unemployed (provision of legally defined benefits to unemployed – cash unemployment benefits, health insurance, pension insurance). The existing procedures related to registration of unemployed resulted with

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\(^9\) LSMS was financed by the World Bank, UNDP and DFID.
\(^{10}\) Three waves of follow-up surveys were financed by DFID.
\(^{11}\) Law on mediation in employment and social security of unemployed of Federation of Bosnia and Herzegovina;
\(^{12}\) 6 regional Employment Bureaus and 63 Municipal Employment Bureaus which are just implementers of decisions, measures and activities defined by the Employment Agency Headquarter
\(^{13}\) Competencies of Cantonal Employment Services: (i) establishing rights and entitlements of registered unemployed persons, (ii) implementing professional orientation programs, training and pre-qualification of unemployed persons and their placement, (iii) collecting data on unemployed persons and submitting them to the Employment Agency of the FBiH, (iv) issuing working permits to the foreigners and persons without citizenship upon approval of the Employment Agency of the FBiH
award of the status of unemployed to a large percent of people that are inactive or employed. As a consequence, Employment Services are faced with large number of clients they are unable to process properly and provide with services. This limits operations of Employment Services merely to registration of unemployed and passive measures prescribed by legislation. In average, one employee in Employment Services provides services to 1,200 clients. Lack of staff and financing are not the sole factors that limit Employment Services in doing more than simple registration of unemployed. Employment Services are also working in inappropriate premises / facilities and they do not have proper equipment to work with unemployed. Also, they have very few staff skilled and capable to deal with provision of services other than registration and social security. Passive measures, except for health insurance, are available only to unemployed that were previously formally employed. Since large percent of unemployed youth have no formal employment track record, they are not covered by the existing passive measures (except health insurance). In some other transitional countries (Czech Republic, Poland, Estonia, Romania, Slovak Republic), system of unemployment benefit deviates from the insurance principle and provides some special groups, such as school leavers, with unemployment benefit.

23. Employment Services’ activities in professional orientation, training / retraining of unemployed, development of employment plans for unemployed and placement of unemployed are extremely limited. As mentioned previously, Employment Services are unable to provide unemployed youth with assistance that would make their transition from unemployment to employment easier. Inability of government support system to provide unemployed youth with assistance is one of the reasons for high inactivity rate among young people. Level of cooperation of Employment Services with private sector is low and, consequently, involvement of Employment Services in mediation between demand and supply side is extremely limited.

24. Employment Services in both entities have designed and implemented several programs related to employment of young unemployed people. These programs were mainly related to subsidising employment of certain categories of young people, mainly University graduates. However, it is unknown how efficient these measures were and what impact they had on improvement of youth situation in labour market since only one evaluation of these active labour market measures has been performed so far.

14 Source: Vertical Review of the Labour and Employment Sector in Bosnia and Herzegovina; July 2006; EC Delegation in Bosnia and Herzegovina.
Centre for Policy Studies (CEPOS), a local NGO\textsuperscript{15}, evaluated results of the youth employment program implemented in the FBiH. Results of the evaluation were rather unfavourable, indicating that this particular program resulted with only 10% of the new net employment. Low / insignificant effect of the program could be partially attributed to the focus of program on the most competitive segment of unemployed youth in the labour market. As it was showed in the evaluation, many of highly qualified young unemployed would have gotten the job even without being included in the program.

**NGO Sector**

25. **Although there are many registered youth non-governmental organizations, very few of them are dealing with youth unemployment issue.** There is about 250 youth non-governmental organizations registered in Bosnia and Herzegovina. However, large percentage of them is not active. Majority of youth NGOs focuses on cultural issues, human rights, drugs addiction, etc. Although the mandates of a large number of these NGOs encompass dealing with youth employment issue, in fact very few of them do so and even then they work mainly on donor funded projects. Other NGOs, which were not established as youth NGOs, implemented majority of projects that could be considered as projects that dealt with youth employment.

26. **Level of cooperation between government institutions and youth NGOs is insufficient.** Youth NGOs are mainly oriented towards international organizations since they are the main source of financing of their activities. Some improvements in cooperation can be found at local level. About one third of Municipalities established municipality councils, either as a part of Municipality structures or as independent NGOs\textsuperscript{16}.

27. **Outreach of youth NGOs is insignificant.** Majority of young people in BiH are not active in political, cultural and economic life. Youth NGOs should be an important channel that enables active participation of youth in society. Information that youth NGOs managed to engage only 9% of total youth population indicates their poor performance\textsuperscript{17}.

\textsuperscript{15} Effect of the program of employment of young, highly qualified people in Federation of Bosnia and Herzegovina; Center for Policy Studies (CEPOS); November 2005.

\textsuperscript{16} Annex 5; Youth Employment – Nongovernmental Sector; Ivan Barbalic; October 2006.

\textsuperscript{17} Source: Independent Evaluation of the National Youth Policy in Bosnia and Herzegovina; Youth Information Agency Bosnia and Herzegovina; April 2005.
28. Peace meal approach and supply driven programs and project of youth NGOs had little impact on improvement of youth position in labour market. Majority of projects are oriented on youth entrepreneurship and provision of training to young to-be-entrepreneurs. Other projects are focused on provision of information and different types of education programs to youth. Several projects aimed to connect employers and youth seeking employment. However, there is no evaluation of impact of these projects but there is a little evidence that projects produced any significant results.

29. Youth NGOs play insignificant role in advocating and lobbying for youth interests. Besides the Youth Commission, which is operational since beginning of 2006, there are no other institutional channels for youth to present issues they are facing. Such situation should urge on youth NGOs to take active role in this field. It is important to build capacity of youth NGOs to continuously analyze youth situation and, on the basis of analysis, develop policies for which they would lobby with decision makers.

Education and Transition from School to Employment

Education system is the first and the most important in providing skills and employability among youth. Failure of education to prepare youth appropriately for the world of work has long lasting consequences on youth position in labour market.

30. During the interviews, regardless of which government institutions, employers, youth or NGOs were interviewed, the following three issues were continuously coming up: (i) poor quality of education system, (ii) education system educating young people in professions for which there is no demand in labour market (iii) poorly knowledge based education system, providing certain level of theoretical knowledge with no practical component in education. Education in Bosnia and Herzegovina is organized through 1,863 primary schools (with about 370,000 pupils), 295 secondary schools (with about 170,000 students) and 95 faculty / university level education institutions (with about 67,000 full-time students enrolled\(^\text{18}\)). About 95% of children are enrolled / covered by primary education. The enrolment rate in secondary school system is 75% whilst enrolment rate in university level education is 25%. However, these are just estimates since no reliable data on education enrolment and completion rates are available.

\(^{18}\) Source: Education Development in Bosnia and Herzegovina, National Report; Ministry of Civil Affairs of Bosnia and Herzegovina; August 2004.
For example, the MoCA report states that significant percent of children are not enrolled or not completing primary education but it also states that it would be necessary to collect data about it in order to better understand the size of the problem and reasons behind it. Although everyone expects that formal education system will increase its flexibility and responsiveness to the changing economic environment and changes in demand in labour market, it is not likely this will happen in the near future.

31. **Lack of practical component in education as well as complete lack of internship opportunities leave youth unprepared for the world of work and makes it impossible for them to attain any professional experience prior to first formal employment.** On the other hand, all vacancies for formal jobs as first criterion state previous professional experience. Young people find themselves in a kind of vicious circle where, in order to get a formal employment, they must show that they have prior professional experience and there are no other opportunities for gaining professional experience except for formal employment.

32. **Education system and schools are not providing any assistance or training to youth for after school period in order to ease their transition from school to work.** Assistance in professional orientation and career development is completely absent. After school young people are on their own. Without guidance and poorly prepared by education system, with no institution to assist them once they complete education, they are completely disoriented. As majority of them confirmed during the interviews, after completion of education they do not know where and how to look for a job. Absence of any assistance and guidance, very few job opportunities and prospects of employment in low quality and low paid informal jobs, result with lethargy and discouragement among youth. Level of despair among youth is reflected through readiness of the large share of young people to pay for getting a job (54.7%).
C Economic Situation in Bosnia and Herzegovina

33. Overall slow development of the BiH economy is impeded by the administrative arrangements that are not providing foundation for efficient institutional framework. Slow pace in transition to market economy, rather tardy implementation of structural reforms and unfavourable business environment are obstacles to achieving sustainable economic growth and new jobs creation. Main economic reforms such as privatization, market liberalization and restructuring of companies are still on the way. Such trend places BiH behind many other transitional countries in Europe. Bosnia and Herzegovina must invest a lot of efforts into achieving sustainable economic growth, liberalizing labour market and improving its dynamics, combating extremely high unemployment rates and large and growing informal sector, continuing with privatization and significantly improving functioning of state owned companies. Poverty is still one of the burning issues in the country. Among many challenges, BiH should significantly improve situation of young population and involve youth in political and economic life of the country thus preventing further brain-drain.

34. The World Bank estimates that the labour market is the area where challenges are the most significant\(^{19}\). According to the findings of the same report, labour market challenges are numerous: (i) unemployment rates are high and rising, especially for women and youth; (ii) participation rates are low; (iii) very few new jobs are created and, unfortunately, in majority of cases these newly created jobs are in informal sector; (iv) wage increase outpaces productivity; (v) education programs are not in line with market requirements, etc. The Mid-Term Development Strategy of Bosnia and Herzegovina (MTDS) identified majority of these challenges and it provides a good platform and direction for further development of Bosnia and Herzegovina.

Main Characteristics of Labour Market in Bosnia and Herzegovina

In this chapter only the main labour market indicators are presented. More detailed analysis of secondary data as well as primary data collected through survey and focus groups are presented in the Annexes to this document.

35. Absence of labour force surveys resulted with a situation in which BiH labour market is analyzed on the basis of different surveys and different sources

\(^{19}\) Bosnia and Herzegovina, Country Economic Memorandum; The World Bank; May 2005, Sarajevo.
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that used different methodologies. There are several different sources of data about unemployment in Bosnia and Herzegovina. Final result of such a situation is that there is no reliable data on situation nor is there a possibility to observe trends in labour market. This is even more problematic when it comes to data about youth employment and unemployment. The first source of unemployment data are Employment Services in Bosnia and Herzegovina. The second source of data are different surveys performed by international organizations. Most frequently quoted surveys are Living Standard Measurement Survey of 2001 and three waves of the follow up Household Surveys. Finally, the last one and, at the same time, the most reliable is the first Labour Force Survey performed in 2006 by Statistical Agencies in Bosnia and Herzegovina. Unfortunately, up to date only preliminary results of the LFS are available. Data on unemployment and employment that are coming from the above mentioned sources differ significantly.

Table 1 Unemployment rates as per source of data

<table>
<thead>
<tr>
<th>Source of Data</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Services</td>
<td>38.5%</td>
<td>39.1%</td>
<td>41.3%</td>
<td>41.9%</td>
<td>43.4%</td>
<td>45.5%</td>
</tr>
<tr>
<td>Household Surveys</td>
<td>22.9%</td>
<td>21.1%</td>
<td>19.6%</td>
<td>21.5%</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Labour Force Survey</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31%</td>
</tr>
</tbody>
</table>

36. Unemployment rate registered by Employment Services has been continuously growing during the last six years, reaching 45.5% in 2006. However, data from household surveys that are based on strict definitions of employment and unemployment status, are giving completely different picture. According to this data, overall unemployment rate in BiH hovers around 20%. And, finally, preliminary result of the LFS from 2006 indicates that unemployment rate is somewhere in the middle, or around 31%. Depending on the source of information, there are significant differences in labour force participation rates (activity rates). While according to the official data on registered employment and unemployment labour force participation rate is about 41%, labour force participation rate according to the LFS is 43% whilst the household survey from 2004 indicates the rate of 64.1%.
Registered Employment and Unemployment

37. According to the official data on employment and unemployment registered by Employment Services and Pension and Health Funds, unemployment rate in Bosnia and Herzegovina is 43.3%. In total, in 2005 there were 630,484 registered employed and 482,619 registered unemployed. In the last several years number of registered unemployed has been continuously increasing and, according to the data from the Labour and Employment Agency of Bosnia and Herzegovina, by the end of February 2006 it reached the figure of 510,325 registered unemployed. If working age population is estimated at 2.7 million, labour force participation rate in 2005 was about 41%. The worrisome information is that over 1.5 million of persons belonging to the working age population are economically inactive.

38. Many of registered unemployed are not active job seekers and they register only because of the existing benefits system, especially because of health insurance. During the interviews with several Employment Services in Bosnia and Herzegovina, they estimated that minimum 30% of registered unemployed were registering only because of health insurance. Also, many of registered unemployed are already employed in informal sector and, due to rather loose registration requirements and especially because of low engagement of Employment Services in monitoring and checking actual activity status of registered unemployed, employers and employees in informal sector are taking advantage of the existing system. On the other side figures on registered employment coming from Pension and Health Funds are also of questionable reliability. They capture only workers whose legally defined social contributions were paid by employers. Also, the figure on registered unemployment does not capture employment in informal sector.

49. Labour market trends, based on data on registered employment and unemployment, are different in the FBiH and the RS. While in the FBiH, in the period 2000 – 2004, number of registered unemployed increased and number of employed decreased, in the RS, the trend is different for the same period. Number of employed in formal sector increased for 8,000 (3.6%) while number of registered unemployed decreased for 11,000 (7.1%)\(^{20}\).

\(^{20}\) Source: Economic Policy in Republika Srpska for 2005; Government of Republika Srpska; December 2004, Banja Luka.
Living Standard Measurement Survey and Household Surveys

40. According to the data from the LSMS, which are based on sample of 6,000 households, unemployment rate in Bosnia and Herzegovina is 16.1%. However, it should be noticed that the LSMS did not analyze labour status of population 15 to 64 years old, but it was focussed on a more limited age group of 19 to 60 years old. The LSMS results indicate labour force participation rate of 59.2%. With regard to youth (19 -24 years old) activity rate, results indicate that 47.5% of youth were economically active in 2001. The result proved that there were significant differences in unemployment rates between different age groups. Youth had the highest unemployment rate of 34.8%. Other age groups, 25 to 49 years old and 50 to 60 years old, had 13.4% and 9.7% unemployment rates respectively. Total number of employed in BiH, according to the LSMS, is estimated\(^{21}\) at 999,500 persons, out of which 638,000 (63.8%) are formally employed while 361,500 (36.2%) are employed in the informal sector. Percentage of those employed in informal sector was much higher in the RS (41.4%) than in the FBiH (32%).

41. Over 18% out of total number of employed in informal sector are under 25 years old. At the same time this age group was making only 7% of the total employment in formal sector. Youth employed in informal sector occupied low-paying service sector jobs and they were denied employment rights and security. Youth participation in total employment in informal sector in the FBiH (18.5%) was a bit higher then in the RS (18%). Large percentage of youth employed in informal sector shows that young people are occupying low quality and low paid jobs and that large share of young people are deprived of basic employment rights.

Household Surveys

After the LSMS, three follow up household surveys were conducted in 2002, 2003 and 2004. Follow up household surveys widened definition of labour force used in the LSMS and captured population between 15 and 64 years old. When determining employment status of persons, two different approaches were used in household surveys. One was based on self declared employment and unemployment of interviewees whilst other used strict ILO definitions related to employment status.

Table 2 Basic labour market indicators\(^{22}\)

\(^{21}\) Source: LSMS 2001
\(^{22}\) Source: Living in Bosnia and Herzegovina, Wave 4 Report; May 2005, Birks-Sinclair and Associates Ltd and IBHI.
Towards youth employment policy

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour force participation rate</td>
<td>59%</td>
<td>57.1%</td>
<td>60.5%</td>
<td>64.1%</td>
</tr>
<tr>
<td>Employment rate</td>
<td>36.1%</td>
<td>36%</td>
<td>40.9%</td>
<td>42.6%</td>
</tr>
<tr>
<td>Unemployment ratio</td>
<td>22.9%</td>
<td>21.1%</td>
<td>19.6%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Inactive working age population</td>
<td>41%</td>
<td>43.6%</td>
<td>39.5%</td>
<td>35.9%</td>
</tr>
</tbody>
</table>

42. Labour force participation rate increased from 59% in 2002 to 64.1% in 2004. Employment rate also increased from 36.1% in 2002 to 42.6% in 2004 and unemployment rate decreased from 37% in 2002 to 33.5% in 2004.

However, when data from household surveys are analyzed not on the basis of self declared employment status but on the basis of ILO strict definitions, the overall picture is somewhat different. While labour force participation rate increased, it was much lower then the one based on self declared employment status. Employment rate was somewhat higher but did not notably change in the period 2002 -2004. Unemployment rate was significantly lower, but it increased from 20.9% in 2002 to 23.8% in 2004.

43. If data from 2001 and 2004 are compared, it can be noticed that labour force participation rates increased both in the FBiH and the RS and that labour force participation rate in 2004 was significantly higher in the RS (61.8%) than in the FBiH (53.2%). Also, unemployment and employment rates were increased in both the FBiH and the RS. Unemployment rates in 2004 were somewhat higher in the RS (23.6%) than in the FBiH (20.9%). Percent of youth employed in formal sector in 2004 was significantly higher in Republika Srpska (26.5%) then in the FBiH (19.7%). In both entities, in the period 2001 – 2004, percentage of youth employed in formal sector has increased (for 3.1% in the FBiH and 3.9% in the RS).

44. Beside differences in employment rates of different age groups, there are significant differences in employment rate of males and females. In 2004, 57% of working age male population in BiH were formally employed while only 31.7% of females managed to find a job in formal sector. If data are analyzed at Entity level, it can be noticed that, in the year 2004, percent of males employed in formal sector almost equalized in the FBiH (57.5%) and the RS (56.5%). However, when it comes to females’ employment in formal sector, percent of females employed in the FBiH (27.7%) is significantly lower than in the RS (37.3%).
Preliminary Results of the Labour Force Survey

45. Large differences in findings from household surveys from 2002, 2003 and 2004 and the LSMS from 2001 do not provide reliable basis for comparison and trend analysis. In July 2006, the Agency for Statistics of Bosnia and Herzegovina published preliminary results of the first Labour Force Survey which was carried out during April 2006. According to the preliminary results, working age population in Bosnia and Herzegovina was estimated at 2,773,000 persons. Labour force is estimated at 1,177,000 persons and it comprises 811,000 employed and 366,000 unemployed persons. The rest of 1,566,000 persons belonging to working age population are inactive.

46. Information that only 43% of all persons 15 and 65 years old are economically active, i.e. either employed or unemployed, deserves special attention and it is a strong indicator of poor performance of BiH economy. If the activity rate from the LFS is compared with the one from household surveys (57%), we can see that it is notably lower than the one implied by the results of the household survey performed in 2004. Persons with primary school level of education have the largest share (66.9%) in total inactive population. The share of secondary school graduates in total inactive population is 30.1% while university graduates are making only 3% of the total inactive population. Females activity rate is much lower (30.8%) than males activity rate (56.2%). Youth (15-24 years old population) has the lowest activity rate (33.4%) when compared with other age groups. Activity rate of 25 – 49 years age group is 66% whilst activity rate of the group 50 and 65 years old is 36.6%.

47. Unemployment rate in BiH is about 31% and it is somewhat higher in the FBiH (32.4%) than in the RS (28.5%). Female unemployment rate (34.9%) is much higher than male unemployment rate (28.9%).

23 Working age population consists of all persons between 15 and 65 years old.
D Analysis of Youth Labour Market

This part of the document analyzes youth position in labour market in Bosnia and Herzegovina. Only main findings of the previously performed surveys and analysis are presented here while much more information is available in the Annexes to this document. Beside the analysis based on secondary data, this chapter presents the results from quantitative and qualitative surveys performed for the purpose of this paper.

Youth Position in Labour Market in Bosnia and Herzegovina

48. Under youth we consider population of age from 15 to 24 years. However, as already said, because of the particularity of the situation in Bosnia and Herzegovina, an effort was made to extend the analysis as well as policy recommendations to the age group from 25 to 29 years.

49. Youth share in total population is about 15%. According to the UNDP NHDR of 2000, in 1999 youth population (15 to 24 years old) was making 16.4% of total population in B&H. Population of the age 25 to 29 years participated with 10% in the total population of B&H. However, because of lack of the exact data on population and demographic characteristics of population in B&H, these percentages are only estimations. According to the data from the report ‘Young People in South Eastern Europe’24, in 2001 young population of the age 15 to 24 was making 15% (598,000) of the total population in Bosnia and Herzegovina. This age group makes about 22% of the total working age population in Bosnia and Herzegovina. There is no much difference between the share of youth in total in 1991 (16.45%) and 2000, especially if compared with UNDP data for 2000. In the last 30 years, percentage of young people in the total population in B&H significantly decreased. Share of youth in the total population decreased from 20.3% in 1981 to 15% in 2000. Long-term trend in the relative size of the population aged 15–24 in Bosnia and Herzegovina does not differ much from trends in other SEE countries. According to the UNDP report25, there are about 950,000 people of age between 15 and 30 years. This age group makes about 35% of total working age population in Bosnia and Herzegovina. However, recent surveys indicate that these figures are not reliable.

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25 Youth in Bosnia and Herzegovina 2003.
50. Youth employment cannot be viewed as a separate issue, taken out of context of the overall economic and labour market situation in the country. As rightly identified by youth during the quantitative and qualitative survey, the main cause of high youth unemployment rate is in poor performance of BiH economy and low job creation. However, this document does not deal with the causes of poor performance of BiH economy but it is rather focused on identification of to youth specific obstacles for entry into the labour market.

So, what are secondary data from different surveys performed in the last several years telling us about youth position in labour market? Table 3 presents a comparison of basic indicators related to youth employment status. Sources of this data are different surveys performed during the last six years. Surveys differ in many aspects, starting with methodology used in data collection, types of data collected as well as in definitions used in presenting data. While some of the presented data are based on the interviewees’ perception whether they are employed or unemployed, others are based on the ILO strict definitions of employment status. This difference is obvious when comparing data from 2001 and data from other years. Nevertheless, data from 2006 which are coming from the Labour Force Survey should be considered as the most reliable ones.

Table 3  Comparison of basic indicators of youth employment status

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth activity rate</td>
<td>49.9%</td>
<td>23.2%</td>
<td>34%</td>
<td>32%</td>
<td>33%</td>
<td>33.4%</td>
</tr>
<tr>
<td>Youth unemployment ratio</td>
<td>33.2%</td>
<td>10.3%</td>
<td>26%</td>
<td>22%</td>
<td>22%</td>
<td>20.8%</td>
</tr>
<tr>
<td>Youth employment ratio</td>
<td>17%</td>
<td>12.9%</td>
<td>15%</td>
<td>15%</td>
<td>17%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Youth unemployment rate</td>
<td>67%</td>
<td>44.6%</td>
<td>67%</td>
<td>61%</td>
<td>57%</td>
<td>62.3%</td>
</tr>
</tbody>
</table>

Figure 2  Youth activity status in absolute figures

28 Source: Own calculations from Household Survey Panel Series data.
30 Source: Own calculations based on information from LFS preliminary results and information about enrolment in secondary and university education.
Calculations based on percentages presented in the LFS preliminary results indicate that there is much lower number of youth than it was estimated by the UNDP and the WB reports from 2000 and 2001. According to this calculation, about 18% of youth between 15 and 24 years old are neither in education nor in labour force. If the LFS data on total number of unemployed of 366,000 is correct, then youth between 15 and 24 years old are participating with 28.1% in total number of unemployed.

**51. Youth activity rate**, which presents percentage of economically active\(^{31}\) youth to the youth population, fluctuates around 33% and it is much lower than the overall labour force participation rate \((43.1\% \text{ in } 2006)\). Also, according to the LFS data, only 26.3% of young females are economically active, whilst young males’ participation rate is 40.1%. Youth activity rate is almost two times lower then activity rate of the age group of 25 to 49 years old (66%). However, it is possible that youth activity rate would be even lower if employment status is determined on the basis of the ILO strict definitions. This is especially true for the data derived on the basis of calculations from household surveys, where unemployed who are active job seekers as well as ones not seeking employment are placed in one category. This has implications on data related to youth unemployment ratio and unemployment rate.

**52. Youth unemployment ratio**\(^{32}\) goes from 33.2% in 2000, according to UNDP data, to 20.8% in 2006, according to the LFS data. Youth unemployment rate\(^{33}\) is

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\(^{31}\)Economically active youth is youth either employed or unemployed but actively seeking employment.

\(^{32}\)Youth unemployment ratio represents youth unemployment as a percentage of the youth population.

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extremely high and goes much over 50%. According to the LFS data, about 62.3% of all economically active youth is unemployed. Unemployment rate of young females (65.7%) is higher than unemployment rate of young males (60.2%).

Table 4  Comparison of youth unemployment rate (data for 2003)

<table>
<thead>
<tr>
<th></th>
<th>CZ</th>
<th>Hungary</th>
<th>Slovakia</th>
<th>Poland</th>
<th>Serbia</th>
<th>BiH</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.6%</td>
<td>13.4%</td>
<td>33.1%</td>
<td>43%</td>
<td>44.8%</td>
<td>61%*</td>
<td>62.3%**</td>
</tr>
</tbody>
</table>

Note: * - data for BiH in 2003 and ** - data for BiH in 2006

Comparison of data on youth unemployment rates in the above group of countries shows that youth unemployment rate in BiH is by far the highest one. More detailed analysis and comparison of youth position in labour market in Bosnia and Herzegovina and other countries is available in the Annex 1 to this document.

53. Youth unemployment rate is providing only partial information on the problems young people face. Without analysis of other indicators one cannot get a full picture on youth position in labour market. One of the recommended indicators is ratio of youth unemployment rate to adult unemployment rate. If this indicator is 1 than there are no to youth specific issues that contribute to the disproportionally high youth unemployment. If this indicator is higher than 1, that is an indication that youth are facing more obstacles in entering labour market than other age groups. The World Bank report from 2004 indicates that this ratio was 3.9 and it was among highest in comparison with other countries in SEE region. According to the LFS data, ratio of youth unemployment rate to the unemployment rate of group 25 and 49 years old (29.5%) is 2.1. Regardless whether this ratio was 3.9 or 2.1, there is a strong indication that youth is facing only to them specific obstacles in entering labour market. Another indicator which implies that unemployment is unevenly distributed among age groups is share of youth employment in total unemployment. According to the WB 2004 report, youth share in total unemployment was 36.7%.

33 The unemployment rate is defined mathematically as the quotient resulting from dividing the total number of unemployed (for an economy or a specific group of workers) by the corresponding labour force, which itself is the sum of the total persons employed and unemployed in the group.
34 Source: UNDP data base.
54. **Youth employment to the youth population ratio indicates that only 12.6% of all youth are employed.** Other age groups, 25 to 49 years old (46.5%) and 50 to 65 years old (30.6%), have two to three times higher employment to population ratios. Other issue is that youth, even when employed, occupy low quality and low paid jobs. Also, large portion of young people is employed in informal sector thus been denied of all benefits and deprived from basic employment rights.

The CISP 2006 Survey on Youth Position in Labour Market

At the point when a consortium of five Italian NGOs (CISP as a leading organization, CESVI, COSV, INTERSOS and MOVIMONDO) started with preparation of this policy paper, the existing secondary data available were either outdated or of questionable reliability. Results of the LFS were not and still are not available. Therefore quantitative and qualitative surveys were initiated in order to determine and better understand youth position in labour market, their problems and attitude. The quantitative survey was accompanied by the qualitative survey performed through 10 focus groups held in 10 Municipalities throughout Bosnia and Herzegovina. In this chapter results of both quantitative and qualitative surveys are combined.

The Survey Sample

55. **In total, 914 young people were interviewed in 32 Municipalities throughout Bosnia and Herzegovina.** Target population of survey were youth between 15 and 29 years old. Municipalities in which the interviews were conducted, 15 from the FBiH and 17 from the RS, are the Municipalities where the above mentioned consortium implements “Improving the Conditions of Children and Youth in Bosnia Herzegovina” program. Equal number of youth from Republika Srpska (50%) and from the Federation of Bosnia and Herzegovina (50%) were interviewed. Out of 914 interviewed people, 24% were teenagers (15 to 19 years old), 42.6% were 20 to 24 years old and 33.5% belonged to the age group of 25 to 29 years. As for the gender structure of the sample, 49.6% of the interviewed youth were female and 50.4% were male. When it comes to the level of education, 1.1% of the interviewed people had less then primary school, 7.4% were with primary school, 27.4% had three years of vocational secondary school and 39.2% were with four years of secondary school. Additional 7.4% completed two years university education, 17% earned bachelor degree and only 0.5% were with master degree. About 56.2% of the interviewed youth live in urban areas, 21.3% in
suburban areas distant from the urban centre up to 5 kilometres and 22.5% in remote rural areas.

56. **In addition, a qualitative survey organized through focus groups in 11 Municipalities included 101 young people.** All young people invited to participate in the focus groups were on the list of Employment Bureaus and registered as unemployed. Employment Bureaus selected young people randomly from their registry thus ensuring equal representation of different age, education and gender groups.

**Youth Employment Status**

57. **Out of the total number of the youth interviewed through questionnaires, 41.8% are unemployed.** However, 7.9% of the total number of the interviewed youth stated that they were unemployed but not looking for a job, which reduces percent of unemployed to 33.9%. Although youth unemployment ratio differs from the data on youth unemployment ratio presented in the table 3, it should be noticed that the performed survey was based on a wider definition of youth and its results pertain to the population 15 to 29 years old.

<table>
<thead>
<tr>
<th></th>
<th>Unemployed &amp; looking for a job</th>
<th>Unemployed &amp; not looking for a job</th>
<th>Part-time employment</th>
<th>Full-time formally employed</th>
<th>Full-time informally employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBiH</td>
<td>33.9%</td>
<td>8.1%</td>
<td>9.4%</td>
<td>17.3%</td>
<td>5.7%</td>
</tr>
<tr>
<td>RS</td>
<td>33.9%</td>
<td>7.7%</td>
<td>6.8%</td>
<td>25.4%</td>
<td>6.8%</td>
</tr>
<tr>
<td>BiH</td>
<td>33.9%</td>
<td>7.9%</td>
<td>8%</td>
<td>21.3%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

Although 33.9% of the interviewees stated that they were unemployed and active job seekers, it is important to mention that they claim to be active job seekers, it is not based on the ILO definition of active job seekers but these statements only represent their perception of unemployment status. If the ILO strict definition\(^{36}\) would be used, the youth unemployment ratio would be significantly lower. During focus groups, participants were asked whether they

\(^{36}\) **Strict ILO unemployed – based on three criteria and defines unemployed as people who are:** (1) without work, (2) available for work within the next 2 weeks, and (3) have been seeking work for the preceding 4 weeks
were actively seeking for a job in the period of the last two months. In almost all Municipalities very few participants responded positively. In order to compare results of our survey with results of the LFS, data on activity and employment status of youth between 15 and 24 years old were extracted and presented in table 6.

### Table 6 Youth Employment Status (15 – 24)

<table>
<thead>
<tr>
<th></th>
<th>Unemployed &amp; looking for a job</th>
<th>Unemployed &amp; not looking for a job</th>
<th>Part-time employment</th>
<th>Full-time formal employment</th>
<th>Full-time informal employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBiH</td>
<td>30.8%</td>
<td>10.9%</td>
<td>5.3%</td>
<td>11.5%</td>
<td>4.4%</td>
</tr>
<tr>
<td>RS</td>
<td>32.5%</td>
<td>10.1%</td>
<td>5.7%</td>
<td>14.1%</td>
<td>7.6%</td>
</tr>
<tr>
<td>BiH</td>
<td>31.6%</td>
<td>10.5%</td>
<td>5.5%</td>
<td>12.7%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

If the above presented percentages are translated in absolute figures, we can see that results differ significantly from the ones from the LFS.

Figure 3 Youth activity status in absolute figure (CISP survey)

Number of unemployed is much higher as well as number of employed youth. Consequently, figures related to number of inactive youth and youth in education are much lower than the ones from the LFS. While official figures indicate enrolment in secondary education of 75%, within the CISP survey only 53.1% of youth between 15 and 19 years old stated that they were in education.
58. If youth labour force is analyzed (economically active youth), overall unemployment rate of the population 15 to 29 years old is about 54%. If we analyze employment status of economically active youth population 15 to 24 years old, unemployment rate for this group is 62%. This finding is in line with the results of the LFS, where unemployment rate of youth 15 to 24 years old is 62.3%. Unemployment rate of teenagers is much higher and it is about 84%. Young people 25 to 29 years old have the lowest unemployment rate of 42%. If the situations in the RS and the FBiH are compared, percentages of those who stated that they were unemployed and looking for a job are identical. In both Entities, 33.9% of interviewed youth stated that they were unemployed and looking for a job. Percentage of those who stated that they were unemployed but not looking for a job is slightly higher in the FBiH (8.1%) then in the RS (7.7%). However, youth (15 to 29 years old) unemployment rate in the FBiH (56%) is somewhat higher than in the RS (51%).

59. The survey shows that only 27.5% of young people are full time employed. About 21.3% are full time employees and formally registered, while 6.2% are working full time but are not formally registered by employers (informal employment). Out of the total number of youth employed, about 22% are not formally registered by their employers. Rate of informal employment is surprisingly low, especially having in mind that, during the focus groups, in some Municipalities majority of registered unemployed were employed informally. We are talking here mainly about temporary jobs but some of the young people that participated in focus groups gained up to 9 years of work experience without being formally registered for a single day. Percentage of youth that are full time employed and formally registered by their employers is much higher in the RS (25.4%) then in the FBiH (17.3%). With regard to the percentage of those who are full time employees and not formally registered, there is no significant difference between the FBiH (5.7%) and the RS (6.8%) situation.

60. Additional 8% of youth are part time employees and only half of them are formally registered by their employers. In the RS, 6.8% of youth are part time employees while in the FBiH 9.4% of youth are part time workers. In both Entities about half of part time workers are not formally registered by their employers, with a bit higher percent of informally employed in the FBiH. About 22.5% of the interviewed youth are still in education and not in labour force. The percentage of youth that are still in education and not available for work is higher in the FBiH (25.6%) then in the RS (19.5%).
61. Out of total number of youth that are unemployed and looking for a job, only 73.9% are registered with Employment Services as unemployed. However, out of total number of those who stated that they were unemployed but not looking for job, 20.8% were registered with Employment Services and had status of unemployed, receiving benefits linked with that status. Out of total number of full time employed and formally registered by their employers, 4.1% are still registered with Employment Services as unemployed. However, out of total number of full time employed but not registered formally, 50.9% are registered with Employment Services as unemployed. Almost half of part-time workers are registered with Employment Services as unemployed. Also, about 8.3% of full time students are registered with Employment Services as unemployed.

62. Focus groups participants expressed strong dissatisfaction with services provided by Employment Services and it came up that very few of them expected any kind of assistance from them. The main reason for registration with Employment Services is health insurance, although majority of them claim that health insurance is basically worthless since one must pay for each medical service. The only contact with employment bureau they have is related to the regular 30-day reporting related to confirmation of the status of unemployed person and extension of health insurance coverage. All participants agree that there is no other service provided by employment bureau and that registering with unemployment bureau does not bring unemployed any other benefit. Only few participants have been contacted by Employment Bureaus and offered jobs or any other type of assistance. Very few were aware about some employment program.

63. Within the 15 to 19 age group, 23.3% of teenagers stated that they were unemployed and looking for a job. Additional 15.1% stated that they were unemployed but not looking for a job. Only 4.6% of teenagers are employed full time and half of them are not formally registered by their employers. Additional 2.8% are part time workers and about 2/3 of them are not formally registered by their employers. Of course, the largest group of interviewed teenagers are still in education (54.3%) and not available for work.

Table 7 Employment status of different age groups
<table>
<thead>
<tr>
<th></th>
<th>15 – 19</th>
<th>20-24</th>
<th>25-29</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed &amp; looking for a job</td>
<td>23.3%</td>
<td>36%</td>
<td>38.9%</td>
</tr>
<tr>
<td>Unemployed &amp; not looking for a job</td>
<td>15.1%</td>
<td>8%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Part-time employed</td>
<td>2.8%</td>
<td>10.3%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Full-time formal employed</td>
<td>2.3%</td>
<td>18.3%</td>
<td>38.9%</td>
</tr>
<tr>
<td>Full-time informal employed</td>
<td>2.3%</td>
<td>8%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

64. **Within the group of young adults (20 – 24 years old), 36% stated that they were unemployed and looking for a job.** Additional 8% stated that they were unemployed but not looking for a job. Only 18.3% of young adults are full time employees, formally registered by their employers. Additional 8% are also full time employees but not formally registered by their employers. About 10.3% of young adults are part time workers and about 40% of them are not formally registered by their employers. About 19.5% of young adults are still in education and not available for work.

65. **Within the group of young people 25 to 29 years old, 38.9% stated that they were unemployed and looking for a job.** This age group has the lowest percentage of those who claimed to be unemployed but not looking for a job (2.6%). About 38.9% of young people of this age group are full time employees, formally registered by their employers. Additional 6.9% are employed full time but not registered formally. Additional 9.2% of them are part time workers and half of them are not registered formally as employees. About 3.6% are still in education and not available for work.

66. **There are large differences in percentages of formal full time employment between different age groups.** While only 2.3% of teenagers have formal full time employment, share of young adults in full time formal employment is almost 9 times higher in comparison with teenagers. However, share of young adults in formal full time employment is more than 2 times lower from share of youth 25 to 29 years old.

67. **Inactivity rates also dramatically vary with age group.** While 15.1% of teenagers are discouraged, only 2.6% of youth 25 to 29 years old are unemployed but not looking for a job. Activity rate of youth 25 to 29 years old is much hire of the activity rates of other two youth groups and it results with highest unemployment ratio in the group of 25 to 29 years old.
68. Results of the survey indicate that there is no significant difference in employment status of young females and young males that were interviewed. About 32.5% of young females stated that they were unemployed and looking for a job, while 35.4% of males reported the same status. Percentage of females that are unemployed and not looking for a job (8.2%) is just slightly higher of the percentage of unemployed males (7.6%) who are not looking for a job.

69. The percentage of females that are employed full time and formally registered by employers (21.2%) is the same as the percentage of full time employed and formally registered males (21.5%). Percentage of females who are full time employees but not formally registered (6.6%) is slightly higher from percentage of males with the same status (5.9%). About 6.8% of females are part time workers while 9.3% of males are employed part time. Higher percentage of females (24.7%) then males (20.4%) are still in education and not available for work.

70. Young female interviewees claimed to be discriminated since majority of employers were concerned about their present and further marital status and family plans (whether they have children or whether they plan to have children). Usually, marital and family statuses as well as family plans are among the first questions during job interviews for female candidates. According to interviewed females, their chances to get a job are significantly lower if they are married and having children or planning to have children.

71. When comparing youth employment status and geographical residence (urban vs. rural), the survey results indicate lower percent of unemployed youth in urban than in rural areas. Percentage of those living in urban and suburban areas that are unemployed and looking for a job (32.3% and 33% respectively) are much lower then the percentage of unemployed who are actively seeking for a job in remote rural areas (38.8%). Also, percentage of inactive youth (unemployed but not looking for a job) are lower in urban and suburban areas (8% and 5.7% respectively) then the group of the same status in remote rural areas (9.7%). There are no significant differences in percentage of full time employed and formally registered in urban and suburban areas (22.2% and 19.6% respectively) and in remote rural areas (20.9%). While percentage of full time employed but not formally registered is the same for the urban and remote rural areas (4.9%), percentage of suburban youth employed full time but not registered is two times higher (11.3%). While 9.3% of urban and 8.3% of suburban youth are employed part time, only 4.9% of rural youth are part time
workers. About 23.3% of urban and 22.2% of suburban youth are still in education. Percentage of youth still in education in rural areas is somewhat lower (20.9%).

72. Survey results indicate that there are significant differences in employment status of groups with different education attainment.

Table 8 Education attainment and employment status

<table>
<thead>
<tr>
<th>Education Attainment</th>
<th>Unemployed &amp; looking for a job</th>
<th>Unemployed &amp; not looking for a job</th>
<th>Part-time employed</th>
<th>Full-time formally employed</th>
<th>Full-time informally employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than Primary School</td>
<td>40%</td>
<td>40%</td>
<td>-</td>
<td>10%</td>
<td>-</td>
</tr>
<tr>
<td>Primary School</td>
<td>26.5%</td>
<td>17.6%</td>
<td>-</td>
<td>2.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Secondary Professional School</td>
<td>36%</td>
<td>7.6%</td>
<td>10.8%</td>
<td>20.8%</td>
<td>9.2%</td>
</tr>
<tr>
<td>General Secondary School</td>
<td>28.2%</td>
<td>8.7%</td>
<td>10.2%</td>
<td>14.5%</td>
<td>5.3%</td>
</tr>
<tr>
<td>2-year University diploma</td>
<td>50%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>23.5%</td>
<td>7.4%</td>
</tr>
<tr>
<td>University degree</td>
<td>40.6%</td>
<td>1.9%</td>
<td>5.1%</td>
<td>45.2%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

Youth with 2-year university diploma have the highest unemployment ratio. The second highest unemployment ratio is within the group with University degree. However, when it comes to the level of inactivity, the highest scored are the less educated youth: while 40% of those with less than primary school education are unemployed but not seeking for a job, only 1.9% of youth with university degree are inactive. Higher rates of economic activity on the side of youth with university education is a consequence of the fact that this group is far more active in searching for job than other groups. Also, employment to population ratio is the highest within the group with University degree education.

73. About 37% of the interviewed youth state they have no work experience while additional 24.7% have less than a year of work experience, which is mostly related to apprenticeships or internships. About 23.5% of interviewees have between one and three years of work experience. Only 14.5% of youth have four and more than four years of work experience. Majority of youth (69%) found their first job in informal employment. Only 31% of them were formally employed and registered by their employers during their first employment.
74. **About 42.7% think that their education is adequate and gives them good chances for employment.** About 25.4% of youth believe they have inadequate education and they would be better off with other type or kind of education. Large share of young people (31.9%) is of opinion that nowadays education does not play any role since, regardless of the level and type of education, it is equally hard for anyone to find a job. Confidence in adequacy of provided education is higher with higher educated youth. Youth with higher education also value education more than youth with low level of education.

<table>
<thead>
<tr>
<th>Adequate education</th>
<th>Inadequate education</th>
<th>Not important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less then Primary School</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Primary School</td>
<td>30.9%</td>
<td>30.9%</td>
</tr>
<tr>
<td>Secondary Professional School</td>
<td>39.2%</td>
<td>31.2%</td>
</tr>
<tr>
<td>General Secondary School</td>
<td>34.4%</td>
<td>27.1%</td>
</tr>
<tr>
<td>2-year University diploma</td>
<td>63.2%</td>
<td>20.6%</td>
</tr>
<tr>
<td>University degree</td>
<td>65.2%</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

It is interesting that highest rate of those who think that education attainment does not play role in increasing one’s opportunity to find a job could be found among those with less than primary and primary school education.

75. **During the focus groups majority of participants, except the ones with university degree of education, were of opinion that skills, level and type of education do not play any role in ensuring better employment opportunities.** This is closely related to youth opinion that labour market in BiH and Herzegovina does not operate on the basis of competencies. Majority of youth believe that it is not one’s competences but personal connections that improve chances for getting a job. In all Municipalities majority of participants in the focus groups were of opinion that it was not possible to get a job if you did not have strong family or personal connections with the main players in their communities. The survey with companies confirmed that majority of companies (53.4%) are exclusively relaying on personal connections and recommendations when hiring new staff. According to the participants in the focus groups, formal and regular jobs are reserved for those with strong family, personal and political connections, leaving the rest of them available only occasional, low quality and low paid jobs.
76. **About 61% of young people have insufficient or no information at all about labour market.** Only 17.1% stated they have sufficient level of information about labour market. About 21.8% were not sure whether the level of information they have was sufficient or not. The focus groups participants, especially ones with lower level of education, stated that they did not know how and where to look for a job. About 23% of youth search for job on the basis of information and with assistance they receive from their parents and relatives. Additional 36.1% receive information about job opportunities from their friends and people they know. About 24% are using different media as a source of information on job opportunities and only 10% are using Employment Bureau. These findings were confirmed through the focus groups and discussion with youth revealed that job search skills of unemployed with university degree are significantly higher than the skills of secondary and primary school graduates.

77. **University graduates are the only category that applies for vacancies announced in newspapers.** They also use internet in search for job. University graduates go to the Employment Bureaus, actively seeking information on programs and vacancies and they directly go to government institutions and companies and submit their CVs. For the majority of primary and secondary school graduates the only source and channel of information on jobs available are parents, relatives, friends and neighbours. Their ability to find a job is largely dependent on the number of people they know and the size and type of social network they have.

78. **About 24.5% of young people stated that they were in situation where they were directly asked for money in exchange for employment.** In each of the focus groups there was at least one person that was asked directly to pay for a job. Existence of the practice of buying jobs was also confirmed through direct interviews with all range of institutions and organizations, regardless of the fact whether they were government institutions, private sector companies or NGOs. The prices for a job go from 1,500 KM for a job in coalmine, 4,000 KM for a job in the bank, 5,000 KM for a job in government institutions up to 20,000 KM for a job in state owned monopolies. This practice is particularly spread out in state institutions and state owned companies that pay higher than average salaries.

79. **About 54.7% of youth stated they would be ready to give money in exchange for employment.** The rest of youth that stated that they would never pay in exchange for job were asked to state reasons for such an attitude. About 47% said they would consider something like that as blackmail. Additional 17% consider that as corruption
and they do not want to support it. About 9% said that it would be against the law and additional 21% said they would not do it because they did not have money to pay.

80. When asked to rank the most important criterion for job acceptance, the largest share of youth (39.3%) named salary level. The second in importance is job security and formal registration, i.e. all social contributions paid by employers. Majority of youth (49.9%) stated that least important criterion for job acceptance would be whether a job was in their field of expertise.

81. Only 24% of employed youth have jobs in their field of expertise. However, when asked whether they would be ready to accept a job that was not in their field of expertise, 83.9% responded positively. As expected, the highest percentage of those not ready to accept a job that is out of their field of expertise could be found within the group with university degree education.

Table 10 Level of education and readiness to accept a job out of their field of expertise

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less then Primary School</td>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>Primary School</td>
<td>80.9%</td>
<td>19.1%</td>
</tr>
<tr>
<td>Secondary Professional School</td>
<td>89.6%</td>
<td>10.4%</td>
</tr>
<tr>
<td>General Secondary School</td>
<td>86.3%</td>
<td>13.7%</td>
</tr>
<tr>
<td>2-year University diploma</td>
<td>88.2%</td>
<td>11.8%</td>
</tr>
<tr>
<td>University degree</td>
<td>68.4%</td>
<td>31.6%</td>
</tr>
</tbody>
</table>

This was confirmed also through the focus groups where only youth with university degree of education were not ready to take a job outside of their field of expertise. Their explanation was that they did not invest four to five years of their lives at University in order to work on jobs that were not related to their university education. Other groups of youth confirmed that they would be ready to accept any type of job.

82. About 65.2% of youth would accept informal employment. Also, the higher level of education young people have, the share of those ready to accept informal jobs is lower.
Table 11  Level of education and readiness to accept informal employment

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than Primary School</td>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>Primary School</td>
<td>77.9%</td>
<td>22.1%</td>
</tr>
<tr>
<td>Secondary Professional School</td>
<td>63.6%</td>
<td>36.4%</td>
</tr>
<tr>
<td>General Secondary School</td>
<td>66.2%</td>
<td>33.8%</td>
</tr>
<tr>
<td>2-year University diploma</td>
<td>67.6%</td>
<td>32.4%</td>
</tr>
<tr>
<td>University degree</td>
<td>57.4%</td>
<td>42.6%</td>
</tr>
</tbody>
</table>

Again, share of those not ready to accept informal job is highest within the group with University degree education.

Findings of the quantitative survey slightly differ from findings of the qualitative survey. While within the quantitative survey the largest share of youth put the salary level at the first place, during the focus groups discussions majority of youth gave the highest importance to formal employment and job security. Amount of salary seems not to be a big concern for interviewed young people and majority of them would be satisfied with a salary that would range between 400 and 500 KM. They are only concerned about being paid for work performed on regular basis.

83. Almost all young people define a good quality job as one with regular working time, regularly paid salaries, entailing their formal registration by employers. However, majority of them are ready to accept informal job where working time is between 10 and 12 hours and includes work during Saturdays and Sundays.

Again, young University graduates are an exception. Majority of them stated that they would not be willing to accept a job under these terms.

Entrepreneurs and Youth

In total, 198 companies from 16 Municipalities were included in the survey aiming to find out what entrepreneurs think about young workers 15 and 29 years old.

84. Only 29.3% of the interviewed companies are looking for new staff through Employment Services. This again indicates insignificant role of Employment Services in

37 Regular working time is 8 hours per day, 40 hours weakly.
mediation between demand and supply side in labour market. Majority of companies relay on personal connections and recommendations when hiring workers.

85. About 1/3 of interviewed companies do not have a single young worker employed full time among their staff. Micro and small company are less inclined hiring young workers. About 46% of micro companies and 23% of small companies do not have a single young person among their staff. About 12.5% of companies with more then 50 employees did not hire young workers.

86. Almost 80% of companies are of opinion that education system does not adequately prepare youth for the world of work. However, majority of entrepreneurs expressed their satisfaction with youth technical and soft skills. About 61% of interviewed entrepreneurs are of opinion that young workers have sufficient technical job related skills.

87. Almost half of entrepreneurs are of opinion that young workers are less productive then adult workers. About 61% of entrepreneurs are not satisfied with young workers’ performance and are of opinion that young workers are not able to perform up to the standards set by employer. Majority of entrepreneurs (67%) stated that young workers are not able to work independently and that they need strong supervision. Almost half of entrepreneurs are of opinion that young workers absorb significant amount of management time.
E Conclusion

Figure 4 Overview of the main conclusions

<table>
<thead>
<tr>
<th>EDUCATION SYSTEM</th>
<th>GOVERNMENT SUPPORT SYSTEM</th>
<th>YOUTH AND LABOUR MARKET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge oriented system, with no practical component in education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poorly equipped schools with obsolete curricula, detached from labour market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No professional orientation and career guidance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No entrepreneurship in schools curricula</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No cooperation between schools and private sector and no internship and apprenticeship opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No youth employment policy or action plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No reliable data on youth in education system and youth in labour market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No social safety net for unemployed youth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No system that would accept and guide youth completing education and that would provide guidance and counselling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No information about labour market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No mediation between demand and supply side in labour market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active labour market measures poorly designed and targeted, with little or no impact on root causes of youth unemployment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No support to youth entrepreneurship</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low activity rate with lower than average activity rates of less educated youth and young women</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High unemployment rate, a few times higher than adult unemployment rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large share of youth employed in informal sector and denied basic employment rights</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Significant percent of discouraged and inactive youth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low job-search skills, especially among less educated youth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large share of those stating that they are active job seekers are actually inactive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth have rather negative attitude towards private sector</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

88. The main characteristics of youth labour market in Bosnia and Herzegovina are low activity rate, low employment rate, high unemployment rate and high informal employment. Overall poor situation in economy has much stronger negative impact on the youth position in labour market than on other age groups. It is hard to expect that youth prospects would significantly improve if economy performance does not improve significantly and if availability of job opportunities, both in terms of quantity as well as in terms of quality, does not improve. Variation of youth unemployment rate is usually directly
Towards youth employment policy

proportional to changes in adult unemployment rate. If economy recovers significantly, youth unemployment rate would decrease significantly more than adult unemployment rate. However, overall improvement of economy performance will not by itself remove youth disadvantages and to them specific obstacles to entry the world of work.

89. **Low economic activity rate among youth is caused by lack of employment opportunities and poor quality of available jobs.** Many young people that participated in focus groups stated that “it is better to do nothing then to work for nothing”, referring to low wages and poor working conditions. However, increase in wages would probably attract more young people into the labour market thus increasing their employment rate but also increasing number of unemployed. Activity rate is closely associated with education attainment - less educated youth here have lower activity rate. Less educated youth have significantly lower chances for getting a job and many of them, after few years of unsuccessful search for a job, are withdrawing from labour market.

90. **Ratio of youth unemployment rate to adult unemployment rate indicates that youth is facing to them specific obstacles when entering labour market.** These obstacles are primarily related to entry into formal employment. One of the first criteria set by formal sector, beside formal qualification, is relevant professional working experience. For many youth this is the criterion they cannot fulfil. Education system does not provide opportunities for gaining professional working experience since internship is non-existent and there is a complete absence of cooperation between education system and companies. Even if they gained some working experience, either it was through informal employment and usually linked to the low quality jobs, or it was not related to specific profession for which they were trained through education system and, therefore, of little use in search of formal job in their field of expertise. This obstacle is even more visible in state institutions which, while hiring new staff, require two years of relevant professional experience as a precondition.

91. **While ratio of youth unemployment rate to adult unemployment rate is high, ratio of youth employment population rate to adult employment population rate is more dramatic one.** While employment population rate of adults between 25 and 49 years old is about 60%, employment population rate of youth between 15 and 24 years old is only 16% \(^{38}\).

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\(^{38}\) Source: LFS 2006.
92. **Majority of youth find their first employment in informal sector since entry barriers are lower than in formal sector.** About 36% of total number of employed youth (youth between 15 and 24 years old) is employed informally. About 43,000 young people are deprived of basic employment rights. They are either permanently or part-time employed but are not officially registered as employed and their social contributions are not paid by the employers. At the same time, percent of adults in wage employment with no social contributions paid is much lower. This indicates that young people are not treated equally as other workers and their rights are often violated. Because of lack of employment opportunities, young people are either discouraged or ready to accept any job offered - often low paid and insecure jobs in informal sector. Surveys show that about a 75% of employed youth are not working in their field of expertise. What is worrisome is that large part of youth that once enters labour market through informal sector tends to stay employed informally for long period. Many young people participating in the focus groups were in informal employment between 3 and 9 years. Information that large share of youth is employed in informal sector on low paid and low quality jobs and often not even paid for work performed but fired after few months, indicates that youth is used as a source of cheap (or even cost-free) and dispensable labour.

93. **Protective labour and employment sector legislation has negative impact on youth position in labour market and creates additional obstacles to entry into labour market.** Minimum wage and relatively high severance payments are usually the first one analyzed in order to determine their impact on youth and whether they could be one of the causes of disadvantaged youth position in labour market. Minimum wage could create an additional difficulty for youth entry into labour market while high severance payments could lead to a situation where it is relatively cheaper to dismiss young workers with low tenure compared to adults, as the latter group is more expensive to dismiss. The World Bank is of opinion that the existing level of minimum wages creates obstacle to youth in entering world of work. The WB recommends that separate youth minimum wage, lower than the existing one, should be established. From the point of view where minimum wage in BiH is high in proportion to average wage and where strict labour employment protection regulation protects ones already employed and creates obstacle to ones in search of employment, the WB recommendation seems logical. It is logical to conclude that strict employment protection regulations affect young entrants more than others and increases youth unemployment rate or it is forcing young people to accept low quality and low paid informal jobs. However, impact of introduction of youth minimum wage on youth unemployment should be carefully investigated since many studies about this issue argue that there is no proof that introduction
of separate youth minimum wage would have any significant effect on improvement of youth position in labour market.

94. **Widespread corruption, nepotism and lack of transparency in hiring procedures, according to youth, are the main obstacles in finding a job.** Young people are unanimous in the opinion that labour market does not function on the basis of competencies. They also claim that information on job opportunities are not accessible and hiring procedures are not transparent. This is yet another confirmation of non-existence of efficient intermediary institutions that would provide job placement services. Government institutions do not play any significant role in this area and private sector has only started to do so in a very limited extent.

95. **Employment Services, provides limited range of services and their role in mediation between demand and supply side in labour market is insignificant.** Young people have little or no information about labour market and their job search skills are limited. This is especially true for young people with lower than University degree level of education. Poor performance of Employment Services results directly influences youth who, as a result, do not know where and how to look for a job. The only information about labour market and job opportunities available to youth are from their social network, i.e. people they know. Also, it is obvious that outreach of active labour market measures implemented by Employment Services is very limited. Only few young people are aware of the existence of any active labour market measure implemented by the Employment Services, which are, in addition, poorly targeted and of disputable effectiveness.

96. **Youth with primary or less then primary school level of education are by far in the worst position in labour market.** Unemployment is strongly correlated with the level of education attained. Less educated youth have higher chance to become unemployed. Unemployment rates of youth with primary or less then primary education are twice higher then unemployment rate of young people with secondary education and about eight times higher than unemployment rate of young people with university education. According to the findings of the household survey, about 25% of population in BiH have no education at all, additional 25% have only primary school level of education and only 3% attained university diploma. Youth enrolment in secondary education in BiH is lower then in other transitional countries and significantly lower than in developed countries. Situation is similar when it comes to enrolment rate in tertiary education.
97. **Education system is detached from labour market and does not provide youth with skills that would enable their easier integration into labour market.** Majority of young people believe that they have sufficient level of skills or that education and skills are not so important for easier entry in labour market. Also, entrepreneurs were rather favourable when evaluating youth work related skills. However, large share of youth is employed in informal sector and in low quality jobs which do not require high level of skills thus concealing real problem. It is expected that, with improvement of situation in BiH economy and more good quality and value-added jobs created in formal economy, skills’ gap would become more evident.

98. **Young people are poorly prepared for labour market.** This is especially true when it comes to youth job search skills. Majority of youth do not know where and how to search for a job. Social networks and good local contacts are crucial advantage or disadvantage for young people when it comes to access to job opportunities.

99. **Opportunities for additional training, retraining and other employability measures are limited or non-existent.** Youth with low qualifications or inadequately prepared for work by education system should have access to programs that would enhance their qualifications and improve their competitiveness in labour market. However, presently there is no structured, out of formal education training system that would provide youth with low qualifications with a second chance to improve their knowledge and skills.

100. **Lack of reliable information and data represent significant obstacles for policy makers in identifying youth related labour market issues and addressing them with appropriate policies.** The existing labour and employment sector institutions and Statistical Agencies lack the skills and capacities to provide policy makers with in-depth labour market analysis. Data about youth position in labour market are coming from several sources and the differ significantly. Even estimates about number of youth between 15 and 24 years old fluctuate within the range of 20%.

101. **Governments at all levels in Bosnia and Herzegovina do not give sufficient attention to youth situation and their position in labour market.** There are no employment policy or employment action plans at any administrative level in Bosnia and Herzegovina and, consequently, no youth employment policy. Lack of comprehensive, multi-sectoral youth employment policy makes it impossible for government support system to set clear goals and determine priorities, which in turn makes entire system rather reactive than
proactive. Result of such a situation is that the measures implemented to address youth unemployment have partial or no impact on underlying causes of high youth unemployment rate. One of the reasons that creates obstacle for development of well focused youth employment policy is lack of data that would reveal real causes of grave position of youth in labour market.

102. **There is no social safety net for unemployed youth.** Unemployment benefits, such as cash unemployment benefit, are available only to workers that were employed at some point and for whom social contributions were paid by previous employers. Once they complete education, they are left without any support from the side of government institutions and they become dependent on family support and occasional informal jobs. The problem is that a large share of youth stay in such position for long period and the longer they stay in such a situation, it is becoming harder for them to reintegrate into formal labour market.

103. **There is a problem of non-existence of channels that would enable young people to voice out their issues and put them on the agenda of policy makers.** Very few young people are politically active and very few of them are members of unions, which largely limit their chances to advocate efficiently for improvement of youth position in labour market.

104. **Majority of young people do not consider entrepreneurship as viable option.** Also, majority of youth would rather work in public sector - very few stated they would prefer to get employment in private sector. Although public sector is major employer in Bosnia and Herzegovina, majority of job opportunities for young people are in private and informal sectors. Expressed youth preferences show that youth have little knowledge about labour market and that their expectations about employment are not realistic.
F Recommendations

Figure 5 The main policy approaches

**Increase employment demand for youth**
- Consider introduction of separate youth minimum wage;
- Consider introduction of tax incentives for companies hiring youth;
- Consider introduction of “atypical employment contract” for employment of disadvantaged groups of youth;
- Consider continuation of programs subsidizing youth employment;

**Improve youth job qualifications**
- Increase youth enrolment rate in secondary and tertiary education;
- Adjust curricula in order to broaden range of occupations available to young women;
- Improve quality of formal education and its responsiveness to changes in labour market;
- Introduce professional orientation and counselling in education system;
- Give special attention to improvement of skills and qualification of youth with no or with poor qualification;
- In cooperation with private sector and other social partners at national as well as at local levels, consider introduction of apprentice training programs;

**Improve youth ability to negotiate transition from school to work**
- Increase involvement of youth NGOs in issues related to youth labour market;
- Improve youth access to labour market information;
- Increase youth job search skills;
- Provide youth with counselling and guidance through PES;
- Increase role of PES in provision of job matching services to youth;
- Make entrepreneurship viable option for young people;
- Consider introduction of social safety net for youth groups at risk of poverty;

In cooperation with social partners and youth NGOs develop Youth Employment Action Plan
Develop youth employment policies at community level
Integrate youth employment issues in the National Employment Plan and other development plans
Towards youth employment policy

105. Develop BiH youth employment action plan. Development of youth employment policy and action plan requires establishment of a coordination body that would enable participation of all stakeholders. In addition, several working groups should be established on the operational level. These working groups should be established at least for the areas of labour and employment, education and training and entrepreneurship development. It is of crucial importance to involve representatives of private sector as well as youth representatives thus providing them with an opportunity/forum to actively participate in the process of policy and action plan development. Institutionally wise, coordination of preparation and adoption as well as coordination of implementation and monitoring of implementation of the BiH Youth Employment Action Plan in Bosnia and Herzegovina should be placed with the State level institutions. BiH Youth Employment Action Plan should be complemented by the RS and FBiH Youth Employment Action Plans. More specifically, at the State level, the responsibility for implementation and monitoring of implementation of the BiH Youth Employment Policy and BiH Youth Employment Action Plan should be placed with the Ministry of Civil Affairs of BiH, Commission for Coordination of Youth Issues in Bosnia and Herzegovina and the Labour and Employment Agency of Bosnia and Herzegovina. However, because of multi-sectoral nature of the issue, implementation and monitoring of implementation of the entity level youth employment action plans would require involvement of a larger number of institutions. It was possible to place implementation and monitoring of implementation with the Ministry of Civil Affairs at the state level because, besides being responsible for labour and employment sector, the MoCA is also responsible for education sector. However, this is not the case at the Entity level and, therefore, it would be necessary to also involve representatives from other ministries (Ministry of Education, Ministry of Economy). Besides development of youth employment policies and action plans, it would be necessary to mainstream youth employment issue into BiH level development strategies as well as into development strategies of other administrative levels, including community level.

106. Collect and analyze data on youth unemployment and employment and labour market trends on regular basis. The first precondition for creation of sound youth employment policies is existence of reliable data on youth position in labour market. In order to make informed decisions, policy makers should have access to a wide range of data on youth situation and position in labour market. Labour and employment institutions, together with Statistical Agencies, should gather and analyze these data on regular basis. Uniformed standards for data collection, uniformed methodologies and uniformed reporting standards should be agreed upon and established throughout the system and institutions with a role in this field. Beside standard data on youth economic activity, which should be disaggregated by
Towards youth employment policy

age, sex, nationality and education attainment, strong focus should be given to the data related to quality of jobs occupied by young people (wages and earnings, social contributions paid, hours worked, productivity, etc.).

107. **Consider introduction of separate youth minimum wage.** Reasons for this measure are elaborated in detail in the previous text (paragraph 93).

108. **Consider introduction of “atypical employment contract” for employment of disadvantaged groups of youth.** The World Bank “Doing Business” 2005/2006 survey indicates that rigidities in labour legislation in Bosnia and Herzegovina are resulting with higher then regional average difficulty of hiring index. According to the WB labour market report 39, difficulty of hiring is partially caused by limited availability of term contracts. In the case of youth, especially the most vulnerable and disadvantaged groups of youth, solution could be found in introduction of “atypical employment contracts” or “employment promotion contracts”, as they were called in some other countries, which would contain less rigidity related to employee protection provisions.

109. **Consider introduction of tax incentives for companies hiring youth.** This measure should be carefully targeted on the most disadvantaged groups of unemployed youth.

110. **Consider continuation of programs subsidizing youth employment.** These types of programs are already implemented and evaluation of their impact is rather negative. They are usually connected with significant deadweight losses, substitution and displacement effects. This was the case primarily because of poor targeting, both in the case of firms and youth. If these types of programs will continue to be implemented, that should be done through much better targeting of recipients (companies) and final beneficiaries (disadvantaged youth).

111. **Increase youth participation rate in labour market by attracting more young people to enter and remain in the labour market.** Increase in youth activity rates, beside increase in quantity of job opportunities to young people, would also require an increase in opportunities for good quality jobs available to youth. The problem of large share of inactive youth is not solely caused by lack of the number (quantity) of job opportunities but is also closely related to lack of information about labour market, poor job-search skills and

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39 Bosnia and Herzegovina, Labour Market Update; November 2005; The World Bank
poor working conditions and lack of good quality of jobs. Increase in youth participation rate would, therefore, require focus on at least three areas:

(i) improvement of the access to information and provision of high quality information about labour market and job opportunities;

(ii) improvement of job-search skills through training, counselling and guidance;

(iii) creation of an environment that would enable transition from informal to formal employment and offer more job opportunities for young workers in formal sector.

Special attention should be given to the youth that is not in education nor in labour market. Larger portion of assistance and more attention should be given to less educated young people (young people with primary or less than primary school level of education) and young females that have significantly lower activity rates than young males.

Also, it would be crucial that the youth just leaving their schools is provided with assistance for the first 12 months upon completion of education. The same should apply for early school leavers. The first 12 months are critical and, if in this period youth is provided with assistance to find a job, apprenticeship or additional training, it is more likely that the transition from school to work would be successful.

112. **Ensure that young people have access to information and education about their rights with regard to working conditions.** Large share of youth are employed informally and denied basic employment rights. Therefore, it would be important to increase youth awareness about their employment rights and obligations. Also, youth in informal employment, instead of being penalized by institutions, should receive assistance from them and formal institutions should become more open to needs of youth engaged in informal sector.

113. **Provide young people with access to vocational guidance, counselling and labour market information both during education and through Employment Services for ones that completed education.** It was confirmed through quantitative and qualitative surveys that youth have limited or no information on labour market. Main sources of information about labour market are usually their parents, relatives and friends. Presently no institution performs this role. There is a complete absence of any modules or assistance related to labour market and vocational guidance in formal education system. It would be necessary to introduce programs related to labour market and vocational guidance assistance in formal education system. Also, Employment Services do not play any significant role in this field. Youth completing education should be provided with assistance in professional
orientation and first employment counselling. This should become one of the important functions of the government support system or, more specifically, the function of Employment Services. There is also place for more involvement of NGO sector and local communities in establishment of support and assistance system to youth completing education. Support should aim to ease transition from school to work by provision of guidelines and counselling that would enable easier integration of youth into labour market. It would be necessary that Employment Services significantly improve their operations in the field of mediation and provision of labour market information. Employment services should employ and train youth counsellors who could guide and assist youth during the transition period from school to employment. Through both systems, youth should be able to receive information about labour market opportunities, nature and location of employment, wages, etc.

114. Create environment in which young men and women would have equal opportunities for employment. The issue of equal opportunity for young men and women does not solely depend on how labour market operates - root causes for this inequality should be also looked in lack of equal opportunities in education. Many elements, such as perception about appropriate role for women and division of roles between man and women all contribute and lead to segregation in education system. The smaller range of occupations in the education system is deemed suitable for girls, the fewer are job opportunities for young females in labour market after completion of their education. It would be necessary to analyse the existing curricula, especially in secondary vocational schools, and determine whether curricula should be reformed in order to open up space for education of girls in occupations which are usually perceived as exclusively male occupations. Also, schools should give special attention to career guidance for girls.

115. Improve quality of formal education and increase flexibility and responsiveness of formal education system to changes in demand in labour market. Since youth chances to integrate into labour market are strongly related to the type and quality of education, much more efforts and resources should be invested into providing youth with high quality education and preparing them better for the period of transition from school to work. Strong support should be given to programs such as EU VET program financed by the EC Delegation. Improvements are needed in modernization of curricula and methodologies, provision of better equipment to schools and training of teachers. High quality of education and improved work related skills are essential for increasing youth ability to gain jobs. Education system of today is to a large extent detached from labour market.
Towards youth employment policy

Involvement of social partners (private sector, unions) in curricula development and school boards at community level should be increased.

116. **Creation of partnership between public and private sectors, education sector and civil society organizations in the area of youth employment.** Stronger links should be established between education and workplace. Theoretical and, primarily, knowledge oriented education should be complemented with practical component and on-the-job learning. Cooperation between all stakeholders is especially important in connecting formal, knowledge based education with real work thus enabling young people to better understand how knowledge and skills gained during their education are applied in real working environment. Present absence of cooperation between education system and private sector call for immediate initiation of a dialogue and stronger involvement of all stakeholders. The first field where cooperation and partnership between government, education system and private sector should be established is youth training. Transition from socialist to market economy also resulted with disappearance of connection between education system and companies. Previously established cooperation between schools and state owned companies ceased to exist whilst new cooperation between education system and emerging private sector has not been established. By re-establishing connections and cooperation between education sector and private sector, both sectors would gain thus improving youth employability. Education would be complemented with practical component of on-job-training and entrepreneurs would get skilled young workers for high value added production. However, we should engage in more investigation as well as more discussion between social partners and major stakeholders on what type of relations between government, private sector and education system should be established in this field and what kind of incentive schemes for private sector could be set-up in order to increase role of private sector. Beside establishing incentive scheme for private sector, government should regulate this area and define clear set of standards. In order to further investigate existing or possible new schemes and make decision on which scheme would be suitable for Bosnia and Herzegovina, it would be necessary to establish a special working group, comprising representatives from private sector, relevant government ministries, education system and youth. The new system of cooperation should encourage employers to provide young people with access to internship and apprenticeship opportunities. Besides involvement of social partners in provision of training opportunities to youth, much more effort should be given to involvement and more active participation of private sector and workers’ unions in design of youth employment policies and active labour market measures.
117. Ensure that young people have access to training, retraining, work practice and other employability measures. Unfortunately, for majority of youth, education is completed once and for all when they exit from schooling system and very few of them have or use opportunity to expand and upgrade their skills. Schooling system, as all players in labour market admitted and agreed, is detached from labour market needs and does not sufficiently prepare youth for the world of work. Interviewed entrepreneurs stated that, when hiring young workers, they had to invest significant resources in their on-job training necessary to upgrade their skills. Government support system provides almost no opportunities for additional training for youth. Institutionally wise, there are no training centres and, if additional training is ever organized, that happens again through the existing education system in which institutions are poorly equipped, with obsolete curricula and inadequately trained staff. Significant resources should be invested into establishment ‘out-of-school’ system of training centres that would enable youth to acquire variety of work related core skills. Also, it would be necessary to design training schemes that would encourage out-of-school youth to return back to education system and improve their work related skills. However we have to bear in mind that provision of out-of-school additional training opportunities would do little if acquired skills are not recognized and certified by the existing system and employers. Provision of training, retraining and other employability measures should target long-term unemployed youth. Also, training, retraining and employability measures should be used as preventive measures and should be provided to all young people who are unemployed for more than six months.

118. Make entrepreneurship a viable option for youth. According to the qualitative survey, majority of young people are not willing to consider starting their own business as a viable option. Majority of young people, beside not being willing to start their own business, are more interested in getting employment in public sector than in private sector. This is, of course, closely linked with notion that employment in public sector is more secure, but also reveals generally negative attitude towards private sector. It seems that entrepreneurship is becoming option only if nothing else works out and it is considered as a last resort. Therefore, in addition to the actions related to creation of enabling business environment that should remove administrative barriers to entrepreneurship in general, much more could be done in promotion of youth entrepreneurship. Youth should be provided with more opportunities to learn about entrepreneurship while still in education system. This would require that education system introduces entrepreneurship in curricula and develops entrepreneurship modules. Nevertheless, besides theoretical knowledge, more opportunities for practical exercises through close to reality simulations should be provided. Also, young people should be given
the opportunity to learn directly from experience of successful entrepreneurs and businessmen. The youth support system should develop capacities to identify to-be-entrepreneurs among youth and focus additional assistance to this rare and small group of young people. Present practice related to support of youth entrepreneurship which is rather non-discriminatory, being provided to anyone who is willing to show-up, should be abounded and focused only on those whose potentials are clearly recognized. This would require much more effort and resources to be invested in the initial phase of screening of young candidates but, eventually, this investment would pay off in higher success rate.

Once selection process is over, candidates should be provided with financial as well as with full range of technical assistance. There is a significant space for involvement of private sector in provision of technical assistance to young entrepreneurs. Employers Associations should initiate establishment of network of entrepreneurs and businessman willing to provide mentoring to young entrepreneurs. Special attention should be given to development of youth entrepreneurship in rural areas. Youth from rural areas have much less employment opportunities than youth living in urban areas but, in other hand, they might have easier access to some assets needed to start business. Youth in rural areas also have fewer opportunities to access technical and financial assistance and, therefore, more efforts should be invested into design and provision of support programs focused exclusively on them. In addition, one of the options that might be further investigated is possible provision of fiscal incentives to young entrepreneurs.

119. Large share of youth employed in informal sector have no channel to communicate issues they are faced with. Since informally employed youth have no channels to present their problems and advocate for improvement of their situation, it would be necessary to increase role of the existing labour unions in advocating for interest of this large group of workers. Another option would be to initiate establishment of an organization of youth in informal employment and provide them with adequate support and assistance.

120. Consider introduction of social safety net for youth groups at high risk of poverty.
ANNEX 1

Youth Position in Labour Market in Bosnia and Herzegovina

Analysis of Secondary Data
# ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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<tbody>
<tr>
<td>FBiH</td>
<td>Federation of Bosnia and Herzegovina</td>
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<td>BiH</td>
<td>Bosnia and Herzegovina</td>
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<td>RS</td>
<td>Republika Srpska</td>
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<td>SK</td>
<td>Sarajevo Canton</td>
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<td>TK</td>
<td>Tuzla Canton</td>
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<td>ZDK</td>
<td>Zenicko-Dobojski Canton</td>
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<tr>
<td>SBK</td>
<td>Srednjebosanski Canton</td>
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<tr>
<td>PK</td>
<td>Posavski Canton</td>
</tr>
<tr>
<td>ZHK</td>
<td>Zapadno-hercegovacki Canton</td>
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<tr>
<td>HNK</td>
<td>Hercegovacko-neretvljanski Canton</td>
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<tr>
<td>USK</td>
<td>Unsko-sanski Canton</td>
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<tr>
<td>BPK</td>
<td>Bosansko-podrinjski Canton</td>
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<tr>
<td>Canton 10</td>
<td>Livno Canton</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Produce</td>
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<td>GCA</td>
<td>General Collective Agreement</td>
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<td>ILO</td>
<td>International Labor Organization</td>
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<td>IMF</td>
<td>International Monetary Board</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
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<tr>
<td>LSMS</td>
<td>Living Standards Measurement Survey</td>
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<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<tr>
<td>NHDR</td>
<td>National Human Development Report</td>
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<tr>
<td>NQ</td>
<td>Non-qualified workers</td>
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<tr>
<td>SQ</td>
<td>Semi-qualified work</td>
</tr>
<tr>
<td>Q</td>
<td>Qualified workers</td>
</tr>
<tr>
<td>HQ</td>
<td>Highly qualified workers</td>
</tr>
<tr>
<td>HS</td>
<td>High School</td>
</tr>
<tr>
<td>UD</td>
<td>University Degree</td>
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Content

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   4.1. Analysis of Youth Labour Market
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2. Economic Situation in Bosnia and Herzegovina

Even ten years after the war B&H economy is still recovering from the war destructions. Overall slow development of the BiH economy is also impeded by the administrative arrangements that are not providing foundation for efficient institutional framework, slow pace in transition to market economy and implementation of structural reforms and rather unfavourable business environment. This places B&H behind many other transitional countries in Europe. The main economic reforms such as privatization, markets liberalization and restructuring of companies are still on the way.

2.3.1 The Main Economic Indicators

Bosnia and Herzegovina experienced significant economic growth in the after-war period. Growth rate in the years immediately after the war was extremely high, but mainly boosted by large aid inflows estimated at over 5 billions $US.

Figure 1 GDP in millions ($US), GDP per Capita ($US) and Annual Percentage Change of GDP

From 1997 to 2004, GDP increased from 3.89 billions $US to 8.56 billions $US. As we can see, GDP per capita increased from 1,037 $US in 1997 to 2,229 $US in 2004. However,
B&H still has not reached pre-war GDP figures. It is visible that after-war extremely high annual growth rates decreased significantly after 1999 to moderate rates hovering around 5%.

Despite continuous economic growth during the last decade, official registered unemployment rates are still extremely high and growing. Also, about 20% of population is estimated to live under the poverty line, while another 30% are just above the poverty line and they are extremely vulnerable to income shocks.

Informal sector share in economy is high and growing. As mentioned above, large portion of job creation is in informal sector. According to some conservative estimates, gray economy is making about 33% of total GDP of B&H. Estimations that include illegal activities are raising share of shadow economy to 50% of total B&H GDP.

Table 1 Estimate of Shadow Economy in Bosnia and Herzegovina

<table>
<thead>
<tr>
<th>Components of shadow economy</th>
<th>KM (thousands)</th>
<th>% of B&amp;H GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illegal activities</td>
<td>761.7</td>
<td>7.27%</td>
</tr>
<tr>
<td>Gray economy</td>
<td>3,588.2</td>
<td>34.24%</td>
</tr>
<tr>
<td>Statistical reasons</td>
<td>1,700.5</td>
<td>16.23%</td>
</tr>
<tr>
<td><strong>Shadow economy - total</strong></td>
<td><strong>6,050.4</strong></td>
<td><strong>57.74%</strong></td>
</tr>
</tbody>
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Figure 2 Grey Economy in 2004 (% of GDP)

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1 Table 1 is taken from the document with title “Basic Characteristics of Labor Market in Bosnia and Herzegovina”; author of the document unknown – available on the web.
If compared with other transitional countries as well as with some developed countries, we can see that share of gray economy in total GDP of Bosnia and Herzegovina is extremely high. It is, for example, two times higher then in Slovenia (17%). The World Bank estimates that it will be difficult for B&H to sustain high rates of growth because of decline of the inflow of foreign aid and rather modest private investments.

Figure 3  National Savings and Current Account Balance as % of GDP (annual percentage changes)

Within its report, the World Bank is particular stressing that the main macroeconomic challenge in Bosnia and Herzegovina is the persistent current account deficit (17% of GDP). The main reason behind it is low domestic savings that are not sufficient to finance investments. Since there is a need for high investment levels and significant decrease of foreign aid inflow is predicted, domestic saving should increase and policy for their stimulation should be developed.

3. The Main Characteristics of Labour Market in Bosnia and Herzegovina

Poor economic situation, political instability, weak institutional framework, weak law enforcement represent obstacles to the economic growth and ability of private sector to create new jobs. Although public sector often claims that they are not any more the ones who

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should create jobs, but it should be private sector, public sector is still the largest employer in the country. Expenditures of public sector are at almost 50% of B&H GDP.

3.4.1. Official Labour Market Statistic

As stated in the World Bank Economic Memorandum, labour force participation rate in Bosnia and Herzegovina is low.

Figure 4 Activity Rates in 2000

Labour force participation rate in Bosnia and Herzegovina (57.7%) is among the lowest in comparison with neighbouring countries as well as with other transitional countries. This is especially true for women participation rates. In B&H only 43.1% of women are participating in the labour force which is the lowest rate in comparison with other countries. We can also notice large discrepancy in men and women participation rates in B&H.

Unemployment rates in Bosnia and Herzegovina are extremely high in comparison with other transitional countries as well as in comparison with the neighbouring countries.

Figure 5 Unemployment rates in Bosnia and Herzegovina and other transitional countries

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3 Source: ILO LABORSTA database.

4 Based on different sources. Bosnia and Herzegovina is among very few countries that does not have Labour Force Survey. Unemployment data for Bosnia and Herzegovina presented in figure present registered unemployment rate, which according some other survey (LSMS) is much lower.
Unemployment rates in Bosnia and Herzegovina presented in the figure 5 are official registered unemployment rates, and although some other surveys\(^5\) indicate that actual unemployment rate is much lower (between 20 and 30 percent), percent of unemployed is still extremely high.

If we look at the trends over the period of the last five years, we see that registered unemployment rates are almost continuously growing. In comparison with the year 2001, registered unemployment rate increased for 2.86%.

Figure 6\(^6\) Registered unemployment rates

However, it has to be noted that many of registered unemployed are not active job seekers and they register only because of the existing benefits system, especially because of health insurance. During interviews with several Employment Services in Bosnia and Herzegovina, they stated that they estimate that minimum 30% of registered unemployed

\(^5\) LSMS and HSPS surveys.
\(^6\) Source: Employment Services
are registering because of health insurance. Also, many of registered unemployed are already employed in informal sector and, due to rather loose registration requirements and especially because of low engagement of Employment Services in monitoring and checking actual activity status of registered unemployed, employers and employees in informal sector are taking advantage of existing system.

Figure 7  Registered employment and unemployment in Bosnia and Herzegovina

However, what is worrisome is the low job creation in formal sector. As we can see from the figure 9, number of registered employed is growing slow and reached its peak in 2003. After that we register loss of almost 14,000 jobs in 2004.

At the same time, in the period 2001 – 2005, number of registered unemployed increased for 62,000.

If we analyze official data on employment and unemployment in the Federation of Bosnia and Herzegovina and Republic Srpska, we can notice that, while number of registered unemployed increased and number of employed decreased in the FBiH, in the RS, in the period 2000 – 2004 number of employed in formal sector increased for 8,000 (3.6%), while number of registered unemployed decreased for 11,000 (7.1%).

Figure 8 Registered Unemployment and Employment in Formal Sector in Republika Srpska

7 Source: Economic Policy in Republika Srpska for 2005; Government of Republika Srpska; December 2004, Banja Luka.
In the Federation of Bosnia and Herzegovina (FBiH), during the period 2001 – 2004, number of registered unemployed has been continuously increasing and in 2004 was 15.7% higher than in 2001. At the same time, number of employed in formal sector in the same period decreased for 4.7%. We can notice similar patterns in almost all Cantons in the Federation of Bosnia and Herzegovina.

As we can see from the figure 11, in the FBiH, lower than average relative increase of number of unemployed in the period 2001 – 2004 is registered in Posavski Canton (PK), Tuzla Canton (TK), Zenicko-Dobojski Canton (ZDK) and Zapadno-hercegovacki Canton (ZHK).

Figure 9\(^8\) Increase of Number of Registered Unemployed in Cantons of the FBiH in the period 2001 -2004

Note: Unsko-sanski Canton (USK), Posavski Canton (PK), Tuzlanski Canton (TK), Zenicko-dobojski Canton (ZDK), Bosansko-podrinjski Canton (BPK), Srednjebosanski Canton (SBK), Hercegovacko-neretvljanski Canton (Hnk), Zapadno-hercegovacki Canton (ZHK), Canton Sarajevo (KS).

\(^8\) Source: Employment Agency of the Federation of Bosnia and Herzegovina
Much higher than average relative increase in registered number of unemployed is recorded in Bosansko-podrinjski Canton (BPK - 56.7%) and Srednjebosanski Canton SBK - 37.7%), Sarajevo Canton (SK – 19.6%), Canton 10 (19.4%), and Hercegovacko-neretvljanski Canton (HNK – 18.8%).

However, calculations based on the data from the Household Survey Panel Series (HSPS) are suggesting that unemployment rates are much lower and that about quarter of registered unemployed are actually employed.

Regardless of the fact that HSPS is indicating that unemployment rate in Bosnia and Herzegovina is much lower than the one based on official data coming from registration in Employment Bureaus, rate of unemployment of 22% is still extremely high.

Total number of employed in BiH today is estimated at 999,500 persons, out of which 638,000 (63.8%) are formally employed while 361,500 (36.2%) are employed in the informal sector. The percentage of those employed in informal sector is much higher in the RS (41.4%) than in the FBiH (32%).

Compared to pre-war labour force, today's labour force in the formal sector is considerably older. Average age of employed in formal sector in Bosnia and Herzegovina in the

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9 Based on calculations from HSPS data
10 LSMS 2001
year 2000 was 40 years\textsuperscript{11}.

Figure 11\textsuperscript{12}  Formal Sector Employment by Age Groups in BiH

\begin{figure}
\centering
\includegraphics[width=\textwidth]{fig11.png}
\caption{Formal Sector Employment by Age Groups in BiH}
\end{figure}

According to available statistical data in the year 2001, in B&H, employment rate of youth (15-24) in formal sector was 19.1%. Percent of youth employed in formal sector increased to 22.4% in the year 2004. Older groups of population have significantly higher percents of employed. Age group from 35 to 44 years has the highest percent of employed in formal sector (57.3%). We can also notice that percentage of employed in the group from 45 to 54 is high and increased for 2.6% in 2004. The largest increase of percent of employed is within the age group 55 to 64 years.

Figure 12  Formal Sector Employment in the FBiH and the RS by Age Groups

\begin{figure}
\centering
\includegraphics[width=\textwidth]{fig12.png}
\caption{Formal Sector Employment in the FBiH and the RS by Age Groups}
\end{figure}

\textsuperscript{11} Mid-Term Development Strategy of Bosnia and Herzegovina (PRSP) 2004 – 2007; March 2004, Sarajevo.
\textsuperscript{12} Source: LSMS and HSPS surveys
Percent of youth employed in formal sector is significantly higher in Republika Srpska (26.5%) then in the FBiH (19.7%). In both entities, in the period 2001 – 2004, percent of youth employed in formal sector increased (3.1% in the FBiH and 3.9% in the RS). While in the FBiH percent of age group 25 to 34 years increased for more then 12% (to 54.6% in the year 2004), the percent of employed of the same age group in the RS decreased for 2% (to 54.1% in the year 2004). Percent of employed of the age group 35 to 44 years is for almost 10% higher in the RS (63%) then in the FBiH (53.7%)

**Figure 13**

**Employment Rates in Formal Sector in B&H (by gender)**

Beside differences in employment rates of different age groups, there are significant differences in employment rate of males and females. About 57% of working age male population in B&H is employed, while only 31.7% of females managed to find the job in formal sector.

**Figure 14**

**Employment Rates in Formal Sector in the FBiH and the RS (by gender)**

13 Source: LSMS and HSPS surveys
14 Source: LSMS and HSPS surveys
Employment rates of males as well as females in the year 2001 were much higher in the RS than in the FBiH. While 60.7% of working age males was employed in the RS, only 48.8% of working age males was employed in the FBiH. In the same year 33% of working age females was employed in formal sector in the RS, while in the FBiH that percent was 23.8%. However, in the year 2004, percent of males employed in formal sector almost equalized in the FBiH (57.5%) and the RS (56.5%), while large difference in percent of females employed in formal sector in the FBiH (27.7%) and the RS (37.3%) remained.

Figure 15  Qualification Structure of Unemployed in B&H (2004)

Qualified workers have the highest share in total unemployment in B&H (36.97%). Non-qualified workers participate in total unemployment with just 3.4% less than qualified workers. The third large group of unemployed is workers with the high school education. Their share in total unemployment is 22.21%.

Large part of youth workforce is employed in informal sector. According to LSMS data, over 18% out of total number of employed in informal sector are under 25 years old. At the same time this age group is making only 7% of total employment in formal sector. Youth employed in informal sector is occupying low-paying service sector jobs and they are denied employment rights and security.

Figure 16\textsuperscript{15}  Employment in Informal Sector in 2001 (by age groups)

\textsuperscript{15} Source: LSMS Survey
Youth participation in total employment in informal sector in B&H is about 18%. The highest percent in total employment in informal sector is the one of the age group between 20 and 24 years. Youth participation in total employment in informal sector in the FBiH (18.5%) is somewhat higher then in the RS (18%). What is interesting is high participation of senior age group of population (55 to 64 years old and older then 65 years) in the RS. These two age groups’ share in informal sector employment is 26.8%.

4. Youth in Bosnia and Herzegovina

Under youth, as per UN definition, we consider population of age from 15 to 24.
According to UNDP NHDR 2000, in 1999, youth population (15 to 24 years old) was making 16.4% of total population in B&H.
According to data from the report *Young People in South Eastern Europe*\(^{16}\), in 2001 young population age from 15 to 24 was making 15% (598,000) of total population in Bosnia and Herzegovina. Participation of youth in total population goes from 13.8% in Croatia to 17.7% in Moldova. Percent of youth population in Bosnia and Herzegovina is somewhat lower then stated in UNDP NHDR 2000. There is no much difference between share of youth in total in 1991 (16.45%) and 2000, especially if compared with UNDP data for 2000.

**Figure 18** Share of Youth Population in Total Population in Bosnia and Herzegovina

The figure 18 shows that, in the last 30 years, percentage of young people in total population in B&H significantly decreased. Long-term trend in the relative size of the population aged 15–24 in Bosnia and Herzegovina does not differ much from trends in other SEE countries.

Decrease in youth share in total population was caused mainly by the low fertility rates in all SEE countries.

Youth in Bosnia and Herzegovina is on the margins of society. Their interest and involvement in politics\(^{18}\) is extremely low, which results with low youth turnout during elections\(^{19}\). This is probably caused by the wide-spread opinion among the youth that they cannot make difference. Only 1% of young people believe that they can influence official politics. Statistical data showed that only small percent of young people are active in NGO sector (9%). Involvement of youth in the economy is paved with obstacles.

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\(^{16}\) Young People in South Eastern Europe, From Risk to Empowerment; Gloria La Cava, Paula Lytle, Alexandre Kolev, Carine Clert; June 14, 2004, The World Bank.

\(^{17}\) Source: Statistical Agency of Bosnia and Herzegovina.

\(^{18}\) Only 6% of young people are members of political parties; Independent Evaluation of the National Youth Policy in Bosnia and Herzegovina; OIA, April 2005, Sarajevo.

\(^{19}\) Only 26% of youth attend elections; Independent Evaluation of the National Youth Policy in Bosnia and Herzegovina; OIA, April 2005, Sarajevo.
related to entrance into the labour market. Inability to get job or decent job that would provide them with sufficient income, combined with inability to solve housing situation are reasons that are contributing to notion of lack of prospects in B&H. However, according to recent USAID survey, young people still have certain doze of optimism that situation in B&H as well as their position within society will improve in the coming five-year period\textsuperscript{20}.

According to recent survey financed by USAID, the most important problems of the youth in B&H are:

(i) unemployment;
(ii) poor economic situation;
(iii) housing problems;
(iv) criminality raise;
(v) non-efficient law enforcement;
(vi) outdated educational system;
(vii) lack of support to the young people;
(viii) isolation from the rest of the world; and
(ix) impossibility of leaving the country.

4.1. Analysis of Youth Labour Market

Available statistical data, primarily ones coming from the Employment Services in Bosnia and Herzegovina, are not providing accurate picture on situation in the labour market. Bosnia and Herzegovina is among few countries that do not have Labour Force Survey. However we, for the purpose of analysis of position of youth in labour market, are going to use official statistical data as well as data from different surveys such as LSMS and series “Living in Bosnia and Herzegovina” surveys. Regarding youth position in the labour market there was only one survey performed by UNDP while preparing National Human Development Report in 2000.

Analysis is based on the following indicators:

- Youth unemployment rate (youth unemployment as a percentage of the youth labour

\textsuperscript{20} Actual Position of the Youth in Bosnia and Herzegovina; USAID; January / February 2006, Sarajevo.
force);

• Youth unemployment ratio (youth unemployment as a percentage of the youth population);

• Ratio of the youth unemployment rate to the adult unemployment rate;

• Share of youth in total unemployment.

• Share of youth in total long-term unemployment (1 year or more)

• Share of youth unemployed with no work experience.

• Discouraged unemployed (not searching for work)

• The not in employment/not in education ratio (proportion of young people who are not in school and not in employment, either looking for a job or not);

• The proportion of youth not in school and not in the labor force (proportion of jobless youth not in school who are not looking for a job).

UNDP National Human Development Report 2000 (NHDR 2000) was entirely focused on the youth situation in Bosnia and Herzegovina. Within this report, youth was defined as population of age of 15 to 24 years. Although covering many sectors (education, health, youth rights), one part of the report was focused on the economy and youth employment. UNDP also performed a survey interviewing about 1,000 young people. In this section we present analysis of the data related to youth employment collected through these interviews.

Within research performed by UNDP while preparing NHDR focused on youth, they also analyzed potential reasons for emigration of youth.

Figure 19 Reasons to Emigrate from Bosnia and Herzegovina

One of the first reasons for youth to emigrate is low standard of living. Present grave situation in country and combination of many factors caused that situation, resulting with high percent of youth stating that they would emigrate because they could not see prospects in this country. Another important reason for emigrating was unemployment. Of course, unemployment is much more important for the 19 to 24 years age group.

About 21% of them stated that unemployment was the most important reason why they would emigrate. Very few said that security or politics were the reasons for emigration.

According to the same survey, about 5% of youth stated they were unemployed and not seeking for job. Another 20% stated they were unemployed but actively seeking for work. Among those who are employed (17% of total sample), about 14% are employed and unregistered and actually working in informal sector.

There are significant differences in activity status of urban and rural youth. While among urban youth 35% of them are unemployed, unemployment rate among rural youth is much higher (46%). Of course this is result of different opportunities available to urban and rural youth and difference in availability of jobs in urban and rural areas. It will be necessary to analyze

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in more details difference in education of urban and rural youth and find out whether educational levels are also contributing to much higher unemployment rates among rural youth. Already from the figure 20 we can notice that share of rural youth engaged in secondary or higher education is much lower then share of urban youth.

If analyzed by gender, there is a higher percentage of unemployed females that are not seeking work. In general, percent of unemployed females (35%) was lower then percent of unemployed males (41%). Also percent of employed females (15%) is lower then percent of employed males (19%). About 16% of males and 12% of females are employed in informal sector.

Out of 17% of employed youth, many of them find a job which is not their original field of expertise. Much more youth in FBiH is working in their field of expertise (62%) than in RS (51%). Also much more youth in urban area (60%) managed to find job in their field of expertise then youth in rural areas (48%).

4.1.2. Comparison of Youth Labour Market in Bosnia and Herzegovina with Youth Labour Markets in some of the SEE Countries

In order to compare youth situation in Bosnia and Herzegovina, we use data from the report "Young People in South Eastern Europe" prepared in 2004 by the World Bank. This report provides different data related to youth employment and unemployment based on Labour Force Surveys and Living Standard Measurement Surveys. All data presented are coming from LFS and LSMS surveys from 2001.

Figure 24 Youth Labour Force Participation Rate (2001)

Only 23.2% of youth out of total youth population in Bosnia and Herzegovina is economically active and participates in labour force, i.e. only 23.2% of young people are either employed or unemployed and actively seeking for job. This is the lowest participation rate in the region. This information is especially worrisome if combined with data which show that about 32% of young people are not in the labor force, but they are also not in education. Only Kosovo has higher percent of discouraged youth. However, one has to bear in mind that proportion of youth in total population in Kosovo is much higher than in BiH.
Figure 25  Youth Unemployment and Employment Ratios (2001)

Only 12.9% of total youth population in Bosnia and Herzegovina is employed, while 10.3% are unemployed. Bosnia and Herzegovina has the lowest youth employment ratio in the region. Even Macedonia has higher youth employment ratio.

Figure 26  Share of youth unemployment in total unemployment (2001)

Youth unemployment makes more than 1/3 of the total unemployment in Bosnia and Herzegovina. Youth share in total unemployment is 36.7%. That is the highest participation of youth in total unemployment in the region.

Figure 27  ILO Strict Youth Unemployment Rates (2001)³⁵

³⁵ Strict ILO unemployed – based on three criteria and defines unemployed as people who are: (1) without
Bosnia and Herzegovina has second highest youth unemployment rate. About 44.6% of economically active young people in B&H are unemployed.

If we disaggregate data on teenagers (15-19 years old) and young adults (20-24 years old), we notice that 64.3% of economically active teenagers are unemployed, while 39.3% of economically active young adults are unemployed.

Figure 28   ILO Strict Youth Unemployment Rates (2001)

If compared with countries in the region, B&H has the highest unemployment rates of teenagers, while young adult unemployment rate is second highest (after Macedonia).

Figure 29   Ratio of youth unemployment rate to adult unemployment rate (2001)
Youth unemployment rate in B&H is almost 4 times higher than adult (25+ group) unemployment rate. Again this is the highest ratio in the region (only Romania has equal ratio). This is a strong indication that youth in B&H is experiencing specific obstacles in entering the labour market and finding a job. It will be important to identify these specific obstacles through further surveys since they will determine policies and actions that would be necessary to undertake.

Figure 30  Percent of unemployed youth with no work experience (2001)

One of the biggest obstacles to youth employment is lack of work experience. In Bosnia and Herzegovina 82.7% of unemployed young people does not have any work experience. Again, this is the highest percent of young unemployed with no work experience in the region.

Figure 31  Percent of total wage employment without social contributions paid (2001)
In B&H, 51.2% of young people have wage employment without social contributions on wages paid. Percent of youth working without social contributions paid is for 20% higher if compared with percentage of adult workers in the same situation. In the region only Albania has higher percentage of employees for whom employers are not paying social contributions on wages.

In Bosnia and Herzegovina male unemployment rate is slightly higher that female unemployment rate. However, both unemployment rates are among the highest in the SEE region. Only Kosovo and Macedonia have both unemployment rates higher than Bosnia and Herzegovina. Also, difference in percentage of unemployment between males and females in Bosnia and Herzegovina, which is only 0.5%, is the lowest one in comparison with other countries within the SEE region.
There are significant differences in unemployment rates of between groups with different level of education. As we can see from the figure 37, 73.8% of those with primary school education or less then primary school education are unemployed. Unemployment rate of those with secondary level of education is extremely high (40.4%), but significantly lower than unemployment rates of those with primary school education. And finally, only 9% of those with higher than secondary education are unemployed. This points out that level of education attainment is strongly correlated with possibility of getting employment in Bosnia and Herzegovina.

Figure 34 Youth Strict ILO Unemployment Rates by Geographical Characteristics (2001)

In Bosnia and Herzegovina youth living in urban areas have significantly higher unemployment rate (48.7%) than youth living in rural areas (38.6%). Unemployment rate
of youth living in urban areas is second highest when compared with other SEE countries. Only Kosovo has higher urban youth unemployment rate. The unemployment rate of the youth living in rural areas in Bosnia and Herzegovina is the third highest in the SEE region. Kosovo and Bulgaria have highest rural youth unemployment rates.

4.1.3. Analysis of the Data Collected Through Household Surveys

Figure 35 Activity Statuses of Youth (15-24) in Bosnia and Herzegovina (2004)

If compared with the data on activity status from Household Survey performed during 2004, we can see that percent of those who are unemployed regardless whether they actively seek for job, decreased from 38% in the year 2000 to 32% in the year 2004. Employment rate in the same period decreased for 3% while percent of students and pupils increased for 11%.

Figure 36 Employment Statuses of Different Age Groups (2004)

According to data from the Household Budget Survey 2004, only 14% of youth (15 to 24 years)

Source: Household Budget Survey
are employed and about 32% of them are unemployed and searching for their first job.

If compared with other age groups, we can see that youth employment rate is extremely low. While youth employment rate is only 14%, other age groups have more than three times higher employment rates. Population aged from 35 to 65, which is the largest segment of working age population, has the highest employment rates and the lowest unemployment rates (16%). This is confirming findings about aging workforce employed in formal sector.

Disproportional low employment rates and high unemployment rates of youth in comparison with employment and unemployment rates of other age groups are providing us with indication that youth is faced with specific obstacles preventing their entry into the labour market.

Figure 37 Employment Rates by Age Groups

It is important to stress that 52% of youth in this age are either students or pupils in secondary schools.

Figure 38 Employment by age groups and industry sectors 2004

27 Source: LSMS and household surveys
28 Source of data: Household Budget Survey 2004
If we analyze employment by age groups and industry sectors, we notice that disproportional high percentage of youth is employed in catering and trade. Also, we can see that young people do not have easy access to employment in public sector.
4.1.4. Youth Unemployment in Bosnia and Herzegovina – PRISM Research

Another source of information on youth unemployment in Bosnia and Herzegovina is a survey conducted by the PRISM Research in June 2005.

Main findings of this survey are as follows:

- 69.8% of respondents that are 18 to 30 years old are unemployed;
- Out of total number of unemployed, 51.6% are not registered as unemployed with Employment Services;
- 92.5% of unemployed and registered with Employment Services stated they had not received any job offer from Employment Services;
- 46% of unemployed are coping with unemployment through support of their parents;
- 61.2% of unemployed never applied for advertised positions;
- 44.6% of those who applied for advertised positions, applied on any advertised position regardless of type of job and qualifications required;
- In search for job, 21.4% of respondent tried to get a job through personal connections and 8.7% of them were forced to offer money for employment;
- 23.5% of respondents were engaged in work in informal sector;
ANNEX 2

Preliminary results of the survey on youth position in labour market in Bosnia and Herzegovina
Content

The Survey Sample

Youth attitudes
Adequacy of education
Satisfaction with salary
Criteria for job selection and job acceptance

Employment Status
Age groups and employment status
Gender and employment status
Rural and urban youth and employment status
Level of education and employment status
Employment status and registration with Employment Services

Youth opinion about causes of current youth position in labour market
To present, beside the UNDP survey from 2000, there was no serious attempt to learn about youth position in labour market in Bosnia and Herzegovina.

Since all secondary data available are either outdated or of questionable reliability, we decided to perform a survey in order to determine and better understand youth position in labour market, their problems and attitude.

The short questionnaire used can be roughly divided into three groups of questions: (i) youth position in labour market, (ii) youth attitudes and (iii) youth issues.

**The Survey Sample**

Target population of this survey were young people between 15 and 29 years old.

In total 896 young people were interviewed in 30 Municipalities throughout Bosnia and Herzegovina. Municipalities in which the interviews were conducted, 14 from the FBiH and 16 from the RS, are the Municipalities where a consortium of five Italian NGOs (CISP (leading organization), CESVI, COSV, INTERSOS and MOVIMONDO) implements its “Improving the Conditions of Children and Youth in Bosnia Herzegovina” programme.

Almost equal number of youth from Republika Srpska (50.6) and from the Federation of Bosnia and Herzegovina (49.4%) were interviewed.

Out of 896 interviewed people, 23.8% were teenagers (15 to 19 years old), 43% were 20 to 24 years old and 33.3% belonged to the group of 25 to 29 years.

As for the gender structure of the sample, 49.1% of youth interviewed were female and 50.9% were male.

When it comes to the level of education, around 1% of interviewed people had less then primary school, about 7.6% were with primary school, 27.1% had three years of vocational secondary school and 39.5% were with four years of secondary school. Additional 7.4% completed two years university education, 16.9% earned bachelor degree and only 0.4% were with master degree.

About 56.4% of the interviewed youth live in urban areas, 21.1% in suburban areas distant from the urban centre up to 5 kilometres and 22.5% in remote rural areas.
Youth attitudes

Adequacy of education

When asked whether their education was adequate and if it made them competitive in labour market, 42.1% were of opinion that the level and type of their education was adequate and that it provided them with good chances for employment. It is important to mention that almost all interviewed teenagers who are still in school are of opinion that their education gives them good chances for employment.

Out of total number people interviewed, 25.3% believe that they have either wrong type or insufficient level of education thus making them less competitive in labour market.

The rest of youth interviewed (32.6%) are of opinion that, in present labour market conditions, type and level of education have little or no influence on ones’ chances for employment.

Satisfaction with salary

Out of total number youth interviewed, 47.1% have never worked and, consequently, never received salary.

Figure 1

Out of those 52.9% that are employed, only 11% are satisfied with their salaries. About 36% are only partially satisfied with their salaries. The rest of employed youth are either partially unsatisfied (27%) of fully unsatisfied (26%) with their salaries.

Low salary is the most important reason why young people leave or change jobs. About 29% of youth left their jobs because they were unsatisfied with the salary.
The second important reason for leaving job is related to working conditions (working time, benefits, treatment by employer, etc.).

Criteria for job selection and job acceptance

When asked about the most important criteria for job selection and acceptance, 39.5% of interviewees selected the salary as the most important criteria. Another 27.9% opted for job security, which is related to formal employment with all legally defined contributions on salary paid (health, pension, etc.). About 22.3% of interviewees opted for a job within their field of expertise and only 10% said that the most important criteria was length of the employment.

When asked about the least important criteria when searching or accepting the job, 50.3% of youth said that the least important criteria was whether the job is in their field of expertise.

The second least important criteria is length of employment and 22.4% of interviewees opted for this criteria.

Further 16.9% of interviewed youth opted for job security as the least important criteria and only 10% selected salary as their least important criteria.

When asked to choose between public and private sector as preferential sectors of employment, 76.6% of youth selected public sector as preferential sector. Only 23.4% said they would prefer employment in private sector.

About 83.8% of interviewed youth said that they would accept a job which was not in their field of expertise. Only 16.2% said they would not accept a job if it was not in their field of expertise.
Between 80% and 90% of all interviewed in all education groups except for the group with university degree education are willing to accept job that is not within their field of expertise. It is interesting that 19.1% of youth with primary school education stated that they would not accept a job out of their field of expertise. However, such attitude may be attributed to young people that are still in the education process and of opinion that they should have a job for which they were educated.

Youth with university degree education has the largest percentage of those that are not ready to accept job out of their field of expertise (32.5%).

There was no difference between females and males with regard to readiness to accept job out of their field of expertise (83.9% and 83.8% respectively).

Majority of interviewed youth (65.5%) would accept informal employment. The rest said they would not accept a job if they were not formally registered by employer.
However, there are significant differences between the groups with different education attainment in readiness to accept informal employment. Again, the group that is least ready to accept informal employment is youth with university degree. About 41.7% stated they would not accept informal job.

There are no significant differences between different age and gender groups when it comes to their readiness to accept informal employment.

When asked whether they thought they could benefit from job search training, 65.5% of interviewed youth responded positively. The rest are of opinion that this type of training would not increase their chances for obtaining a job.

Majority of youth (65.4%) would be interested in starting their own business.

About 55% of young people would be willing and ready to pay for the job, i.e. to bribe persons with powers to decide positively about their employment.

**Employment Status**

Out of total number of interviewed people, 41.6% stated that they were unemployed. However, 7.7% of total number of interviewed youth stated that they were unemployed but not looking for a job, which reduces percent of unemployed to 33.5%. About 33.5% of youth are unemployed and active job seekers.

![Figure 5 Youth employment status](image)

It is important to mention that when interviewed youth claim to be active job seekers, it is not based on ILO definition of active job seekers but these statements only represent their own understanding of that category.

If we compare situation in Republika Srpska and Federation of Bosnia and Herzegovina, there is almost the same number of those who stated that they were unemployed and
looking for a job. In the FBiH, 33.8% of interviewed youth stated that they were unemployed and looking for a job, while in the RS there were 33.6% of youth unemployed who were looking for a job.

Figure 6  Youth employment status in the FBiH and RS

Percentage of those who stated that they were unemployed but not looking for a job is slightly higher in the FBiH (8.3%) than in the RS (7.5%).

The survey shows that only 29% of young people are full time employed. About 21.7% are full time employees and formally registered, while 7.3% are working full time but are not formally registered by employers (informal employment).

Percentage of youth that are full time employed and formally registered by their employers is much higher in the RS (25.7%) than in the FBiH (17.6%).

With regard to the percentage of those who are full time employees and not formally registered, there is no significant difference between the FBiH (5.6%) and the RS (6.9%) situation.

Additional 8.2% of youth are part time employees and only half of them are formally registered by their employers. In the RS, 6.8% of youth are part time employees while in the FBiH 9.7% of youth are part time workers. In both Entities about half of part time workers are not formally registered by their employers, with somewhat higher percent of informally employed in the FBiH.

About 22.2% of interviewed youth are still in education and not in labour force. Percent of youth that are still in education and not available for work is higher in the FBiH (25%) then in the RS (19.5%).
Age groups and employment status

Within the 15 to 19 age group, 23.9% of teenagers stated that they were unemployed and looking for a job. Additional 15.5% stated that they were unemployed but not looking for a job. Only 4.6% of teenagers are employed full time and half of them (2.3%) are not formally registered by their employers. Additional 2.9% are part time workers and about 2/3 of them are not formally registered by their employers. Of course, the largest group of interviewed teenagers are still in education (53.1%) and not available for work.

Figure 6 Employment status of different age groups

Within the group of young adults (20 – 24 years old), 35.8% stated that they were unemployed and looking for a job. Additional 7.8% stated that they were unemployed but not looking for a job. Only 18.4% of young adults are full time employees, formally registered by their employers. Additional 7.8% are also full time employees but not formally registered by their employers. About 10.5% of young adults are part time workers and about 40% of them are not formally registered by their employers. About 19.7% of young adults are still in education and not available for work.

Within the group of young people between 25 and 29 years old, 37.9% stated that they were unemployed and looking for a job. This age group has the lowest percentage of those who claiming they were unemployed but not looking for a job (2.7%). About 39.6% of young people of this age group are full time employees, formally registered by their employers. Additional 7% are employed full time but not registered formally. Additional 9.4% of them are part time workers and half of them are not registered formally as employees. About 3.4% are still in education and not available for work.
**Gender and employment status**

Results of the survey indicate that there is no significant difference in employment status of young females and young males interviewed.

About 32.3% of young females stated that they were unemployed and looking for a job, while 35.3% of males reported the same status. Percentage of females that are unemployed and not looking for a job (8%) is just slightly higher of the percentage of unemployed males (7.5%) who are not looking for a job.

The percentage of females that are employed full time and formally registered by employers (21.6%) is the same as the percentage of full time employed males (21.5%) formally registered.

Percentage of females who are full time employees but not formally registered (6.7%) is slightly higher from percentage of males with the same status (5.9%).

About 7.2% of females are part time workers, while 9.4% of males are employed part time. Higher percentage of females (24.3%) then males (20.4%) are still in education and not available for work.

**Rural and urban youth and employment status**

When comparing youth employment status and geographical residence (urban vs. rural), the survey results indicate lower percent of unemployed youth in urban than in rural areas. Percentage of those living in urban and suburban areas that are unemployed and looking for a job (31.9% and 32.3% respectively) are much lower then the percentage of unemployed who are actively seeking a job in remote rural areas (39.6%). Also, percentage of inactive youth (unemployed but not looking for a job) are lower in urban and suburban areas (7.9% and 5.8% respectively) then the group of same status in remote rural areas (9.9%).

There are no significant differences in percentage of full time employed and formally registered in urban and suburban areas (22.4% and 20.1% respectively) and in remote rural areas (21.3%). While percentage of full time employed but not formally registered is the same for the urban and remote rural areas (5%), percentage of suburban youth employed full time but not registered is two times higher (11%).

While 9.6% of urban and 8.5% of suburban youth are employed part time, only 5% of rural youth are part time workers. About 23.4% of urban and 22.2% of suburban youth are still in education. Percentage of youth still in education in rural areas is somewhat lower (19.3%).
ANNEX 2 - Preliminary results of the survey on youth position in labor market in BiH

**Level of education and employment status**

Survey results indicate that there are significant differences in employment status of groups with different education attainment.

About 40% of young people with less then primary school education are unemployed and looking for a job and additional 40% are unemployed and inactive. Only about 10% are full time employees and additional 10% are still in education and not available for work.

About 26.5% of youth with primary school education is unemployed and looking for a job. Additional 17.6% is unemployed but not looking for a job. Only 5.8% of this group of young people are full time employees. However, the largest part of this group of youth is still in education (50%).

About 36.2% of youth with professional secondary school is unemployed and looking for a job. Additional 7.8% is unemployed but not looking for a job. About 30.9% of youth with this level of education is employed full time and additional 11.1% are part time employed. About 35% of all employed (full time and part time employees) are not formally registered by employers. Only 14% of this group of youth is still in education and not available for work.

About 28.2% of youth with general secondary school education are unemployed and looking for a job. Additional 8.5% are unemployed and not looking for job. Only 19.8% are full time employed and additional 10.2% are part-time employed. About 1/3 of this group of youth are still in education and not available for work.
Out of total number of youth with 2-year university degree, 48.5% are unemployed and looking for a job. Additional 4.5% are unemployed but not looking for a job. About 32% of youth with this level of education are employed full time, while additional 4.5% is employed part-time. About 10% are still in education and not available for work.

About 40% of youth with university degree are unemployed and looking for a job. This group of youth has the lowest percent (2%) of unemployed and inactive. About 50% of youth with university degree are employed full time.

**Employment status and registration with Employment Services**

Out of total number of youth that is unemployed and looking for a job, only 73.8% are registered with Employment Services as unemployed.

However, out of total number of those who stated that they were unemployed but not looking for job, 21.1% were registered with Employment Services and had status of unemployed, receiving benefits linked with that status.

Out of total number of full time employed and formally registered by their employers, 4.1% are still registered with Employment Services as unemployed. However, out of total number of full time employed but not registered formally, 50% are registered with Employment Services as unemployed.

More then 1/3 of part-time workers are registered with Employment Services as unemployed.

Also, about 8.5% of full time students are registered with Employment Services as unemployed.

Only 24% of youth employed have jobs in their field of expertise.

About 37% of youth state they have no work experience, while additional 24.7% have less than a year of work experience, which is mostly related to apprenticeships or internships.

About 23.5% of interviewed youth have between one and three years of work experience. Only 14.5% of youth have four and more than four years of work experience.

Majority of youth (69%) found their first job in informal employment. Only 31% of them were formally employed and registered by their employers with their first jobs.
Youth opinion about causes of current youth position in labour market

Youth were asked to list four most important causes for current youth position in labour market.

The following issues were repeatedly and with by far the largest frequency mentioned by the interviewed young people:

1. Corruption, nepotism and personal connections
2. Poor economic situation in the country
3. Passivity and idleness of young people combined with lack of incentives or with many disincentives to become economically active
4. Lack of work experience

Beside the above mentioned four issues which were mentioned by almost all interviewees, large number of youth also mentioned that: (i) education system is poor and youth are not appropriately prepared for the world of work, (ii) government and government institutions are not interested in youth issues and there is no plan to address youth issues, (iii) there is complete absence of information about labour market, (iv) lack of trust in youth.
ANNEX 3

Entrepreneurs and youth employment in Bosnia and Herzegovina
Within the overall research and analysis of youth position in labour market we performed a survey about entrepreneurs’ views on skills and attitudes of young workers. We also wanted to find out what are the employees’ characteristics that the entrepreneurs value the most.

**Main findings**

The companies that were part of the survey are rather positive and satisfied with overall work-related skills and abilities of young people. Majority of these companies expressed their satisfaction with youth communication and customer relations skills, teamwork abilities and skills, reliability and ability to carry out allocated tasks, ability to solve problems, level of work related technical skills, etc.

Also, majority of these companies do not think that hiring young workers results with additional costs to a company in comparison to hiring older/more experienced workers.

However, majority of the reviewed companies were less satisfied with youth performance and ability to perform up to the standards set by employer and their ability to work independently. Also, majority of them are of opinion that, since young workers need strong supervision, they absorb significant portion of management time.

In addition, half of the interviewed companies are of opinion that young people do not have realistic expectations with regard to work and employment.

Majority of the surveyed companies do not think that private sector could play significant role in improving youth position in labour market.

**Sample**

In total, 198 companies from 16 Municipalities throughout Bosnia and Herzegovina were involved in the survey. The companies that were surveyed vary in terms of size as well as in terms of industrial sectors.

Majority of companies (69.7%) are in services business. About 9% of companies are construction companies and 8.1% are coming from wood-processing sector. The same number of companies is coming from textile (5.1%) and food processing industry (5.1%). About 2.5% of companies are from metal processing industry and 0.5% from chemical sector.

When it comes to the size of the surveyed companies, 39.4% were companies with up to 5 employees, 13.1% were small companies (between 5 and 10 employees), 35.3 were medium size companies (between 10 and 50 employees) and 12.1% were large companies (over 50 employees).
Majority of employees in these companies are full time employees. Actually, 70.2% of the companies did not have a single part-time employee. Only 4% are the companies in which part time workers are making more than 50% of total number of employees.

**Companies hiring youth**

About 25% of the companies do not have young people as their staff. In 16.2% of the companies young employees make less than 10% of the total workforce. In about 30% of the companies young people make between 10% up to 30% of total workforce.

![Figure 1](image)

In 15.7% of the surveyed companies, young people are making between 30% up to 50% of the total workforce and, in 13.1% of companies, share of young people in the total workforce is larger than 50%.

About 31.3% of the companies do not have a single young person employed full time. Additional 59.6% of the companies hire youth as part time workers. In these companies 70% of total youth are employed are part-time workers.

Only 29.3% of the companies are using Employment Bureau when looking for new staff. Only 17.2% of the companies are announcing vacancies through media and majority of them (53.5%) are using personal connections and personal recommendations when hiring new staff.

Majority of the companies (79.8%) are of opinion that education system is poor and is not adequately preparing youth for work.
Youth skills

Majority of the interviewed entrepreneurs are rather positive about young workers communication skills.

Figure 2  Entrepreneurs’ opinion on youth communication skills

![Pie chart showing percentage of entrepreneurs' opinion on youth communication skills.]

About 89% of the interviewed companies stated that young workers communication skills were fully satisfactory (21%) or satisfactory (68%). Only 11% of companies stated that youth communication skills were less than satisfactory or unsatisfactory.

When asked about young workers ability to work and cooperate with other workers and work as a part of the team, again majority of companies (90%) expressed their satisfaction with the level of team-work skills of young workers.

Figure 3  Youth ability to work with others

![Pie chart showing percentage of entrepreneurs' opinion on youth ability to work with others.]

Only 10% of the companies consider the level of these skills of young workers less then satisfactory or unsatisfactory.
The companies have almost the same opinion about young workers’ skills related to provision of services to customers / clients. About 88% of the companies evaluated youth customer services skills as fully satisfactory or satisfactory.

Also, majority of the companies (91%) do not have a problem with youth reliability and punctuality. Only 9% of the companies stated that level of youth reliability and punctuality was less than satisfactory or unsatisfactory.
Majority of the companies (90%) are fully satisfied or satisfied with youth ability to carry out assigned work tasks.

Figure 7 Ability to show initiative

Majority of the companies are also positive about youth proactiveness and ability to show initiative. However, in comparison with up to now evaluated youth skills, much more companies were negative about this particular ability. About 29% of the companies stated that youth ability to show initiative was less than satisfactory or unsatisfactory.

The situation is almost same when it comes to companies’ opinion about youth ability to solve problems.
Figure 8  Ability to solve problems

Although majority of the companies (76%) have positive opinion, percentage of companies that are not satisfied with this particular ability of young workers is rising in comparison with previously evaluated skills.

The same can be said about the companies’ opinion on youth ability to prioritize tasks.

Figure 9  Ability to prioritize tasks
Majority of the companies (71%) agree that young workers have sufficient job related technical skills.

The situation is almost the same when it comes to the companies’ opinion on whether young workers are enthusiastic about their job.
Majority of the companies are of opinion that young people have positive approach in pursuing career within their companies.

Figure 13  Young workers are not able to perform to the standards set up by the employer

However, majority of the companies (61%) are not satisfied with young workers’ performance and their ability to carry out work related tasks up to the standards set up by employers.

Also, majority of the companies (67%) think that young workers are not able to work independently without strong supervision.
Figure 14 Young workers are not able to work independently and they need strong supervision

As a consequence of lack of ability to work independently and need for strong supervision, young workers absorb significant amount of management time.

Figure 15 Young workers absorb large portion of management time

As it can be seen from the figure 15, almost half of the companies share that opinion.

Situation is the same when it comes to the way the companies evaluate young workers’ productivity in comparison with older workers. About 48% of the companies are of opinion that young workers are less productive than older workers.
Figure 16  Young workers are less productive then older workers

However, the companies are consistent in evaluating young workers customers’ related skills. Majority of the companies (84%) think that young workers are providing good service to customers / clients.

Figure 18  Young workers provide poor service to customers

Figure 19  Young people have realistic expectations from the job?
The companies’ opinion on whether young people have realistic expectations from the job and employment is equally divided. While 50% of the companies are of opinion that young people are coming with unrealistic expectations, other 50% are of opinion that young workers’ expectations are realistic.

Figure 20  It is more costly for your company to hire a young worker

Majority of the companies (80%) do not think that, by hiring young worker, they would incur additional costs in comparison to hiring older workers.

Figure 21  Private sector could play important role in improvement of employment opportunities for young people
Majority of the companies do not think that private sector could play significant role in improving youth position in labour market and improvement of their employability and employment opportunities.
ANNEX 4

Talking to youth in Bosnia and Herzegovina

Qualitative study
Content

Goals and Methodology
Sample
General remarks
Main findings

Donji Vakuf
  Employment Status and Attitudes
  Support System
  Obstacles in finding a job
  Education system
  Equality
  Employability skills
  Expectations and reality

Bugojno
  Employment Status and Attitudes
  Support System
  Obstacles in finding job
  Education system
  Equality
  Employability skills
  Expectations and reality

Novi Travnik
  Employment Status and Attitudes
  Support System
  Obstacles in finding job
  Expectations and reality

Vitez
  Employment Status and Attitudes
  Support System
  Education system
  Equality
  Expectations and reality
**Fojnica**
- Employment Status and Attitudes
- Support System
- Obstacles in finding job
- Equality
- Expectations and reality

**Busovača**
- Employment Status and Attitudes
- Equality
- Expectations and reality

**Žepče**
- Employment Status and Attitudes
- Support System
- Obstacles in finding job
- Expectations and reality

**Sokolac**
- Employment Status and Attitudes
- Support system
- Education
- Equality
- Obstacles in finding job
- Expectations and reality

**Višegrad**
- Employment Status and Attitudes
- Support system
- Education
- Obstacles in finding job
- Expectations and reality
Goals and Methodology

The main goal of this qualitative research was to enable youth to describe, analyze and express their perceptions on the issues related to youth labour market disadvantages. In total, 10 focus groups were organized throughout Bosnia and Herzegovina. Focus groups were held during June and July of 2006 in the following Municipalities: Donji Vakuf, Bugojno, Novi Travnik, Vitez, Fojnica, Busovaca, Sokolac, Visegrad, Teslic and Bihac. Discussions were organized in a semi-structured way, where facilitator helped participants to focus discussion on several predetermined topics and issues, but also leaving the space to participants to express their perceptions about other important issues related to youth employment and unemployment. Duration of focus group was the same in all Municipalities, lasting between 3 and 4 hours.

During the focus groups, young people were asked to:

- Explain and give their opinion about youth position in labour market;
- Enlist issues / problems they are facing in labour market;
- Prioritize problems in terms of the most pressing issues;
- Explain what they expect from a job;
- Express their opinion about the impact of education system on their preparedness for work and their competitiveness in labour market;
- Give their opinion about existing support system and their expectations from different institutions;

Information and data gathered through the focus group sessions are synthesized in this report and will be the main foundation for further design of adequate youth employment policies.

Within the report we used following descriptors (table 1) to explain how often or how strong young people felt about certain issue.
Table 1

<table>
<thead>
<tr>
<th>Descriptor</th>
<th>Number of occurrences</th>
</tr>
</thead>
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<td>Hardly any</td>
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</tr>
<tr>
<td>A couple / Very few</td>
<td>2</td>
</tr>
<tr>
<td>A few / Some</td>
<td>3</td>
</tr>
<tr>
<td>Several / Minority</td>
<td>4</td>
</tr>
<tr>
<td>Majority</td>
<td>6</td>
</tr>
<tr>
<td>Most / Many</td>
<td>7</td>
</tr>
<tr>
<td>Consensus</td>
<td>8</td>
</tr>
<tr>
<td>Nearly all</td>
<td>9</td>
</tr>
<tr>
<td>All / Everyone</td>
<td>10</td>
</tr>
</tbody>
</table>

Sample

Only people of age between 15 and 29 years were invited. However, majority of participants were of age between 18 and 25 years. All young people invited were on the list of Employment Bureaus in their Municipalities and registered as unemployed. Employment Bureaus selected young people randomly from their registry thus ensuring equally representation of different age, education and gender groups.

Employment bureaus were provided with specific guidelines on how to structure the group that should be invited for focus groups. We tried to ensure that in each focus group we have between 10 and 15 participants. In total, 101 young people participated in these focus groups.

General remarks

While inviting participants for the focus group, we contacted local employment bureaus asking for the list of the registered unemployed and contact information. It proved that it is rather hard to reach people enlisted and sometimes we were in situation to ask for additional names since people from the first list were either unavailable or they were actually working and therefore not reachable.

During the focus groups in each Municipality, several young people asked for a permission to leave the meeting because they had to return to work.
Main findings

Although all participants are registered with Employment Bureaus as unemployed, almost half of the participants are employed informally. In some Municipalities majority of registered unemployed were employed informally. These are mainly temporary jobs, but some of the young people that participated in focus groups gained up to 9 years of work experience without being formally registered for a single day.

Many young people employed in informal sector experienced a situation in which they worked for several months without receiving salary or they got paid only half of the amount agreed.

This was confirmed through the focus groups in all Municipalities and it seems that is a pattern spread throughout Bosnia and Herzegovina. It looks that some companies use present situation and high unemployment rate to hire young people for few months, fire them and not pay their salaries, then replacing them with yet another group of young people that would share the same destiny. However, it seems that after all, especially in small communities, word of mouth is spread and very soon these companies become unable to find workers.

Also, in some Municipalities, as a requirement for getting a job, companies ask new employees to work for initial three months without pay.

Although all participants were formally unemployed in almost all Municipalities, only several of them have been actually looking for a job during the last two months. If ILO standards and methodology would be applied, majority of youth participating in focus groups would not be considered as unemployed but inactive.

Majority of youth are of opinion that the main problem is overall poor economic situation in the Country and complete absence of job opportunities.

Almost half of the youth are discouraged after long period of unsuccessful search for a job and they are becoming inactive. Majority of youth stated that they did not know where and how to look for a job. They stated they had no information on labour market, labour demand and employer’s requirements.

Corruption and personal connections are buzz words which were coming up over and over during all the focus groups as the first and the main obstacle in finding a job.

In each of the focus groups there was at least one person that was asked directly to pay for the job. However, majority of participants have not had direct experience of this kind, they only heard about it or they know someone who either paid for a job or someone who was asked to pay for a job. Existence of practice of buying jobs was also confirmed through direct interviews with all range of institutions and organizations, regardless of the fact that they were government institutions, private sector companies or NGOs. The prices for job go from 1,500 KM for a job in coalmine, 4,000 KM for a job in the bank, 5,000 KM for a job in
government institutions and up to the 20,000 KM for a job in Elektroprivreda or Telecommunication companies. This practice is particularly spread out in state institutions and state owned companies which pay higher than average salaries.

In all Municipalities majority of participants are of opinion that it is not possible to get a job if you do not have strong family or personal connections with the main players in their communities.

Majority of participants in all Municipalities are of opinion that skills, level and type of education does not play any role in ensuring better employment opportunities.

Formal and regular jobs are reserved for those with strong family, personal and political connections, making available only occasional, low quality and low paid jobs for the rest of youth.

One of the obstacles that frequently came up during the focus groups was working experience. Youth find themselves in some kind of vicious circle. The only jobs they are able to find are informal ones and, although large number of them have several years of working experience, they have no way to formally prove it which then prevents them to apply for formal jobs where working experience is a precondition.

Another problem is that almost all young people never worked in their field of expertise and were not able to gain any relevant experience even through informal employment.

Labour market still does not operate on the basis of competencies. Besides corruption and nepotism that are widely spread in this area, there are many other criteria (ethnical, political and social) one must fulfil to get a job.

When it comes to job search skills, skills of unemployed with university degree are significantly higher than the skills of secondary and primary school graduates. University graduates are the only category which applies for vacancies announced in newspapers. They also use internet in search for job. University graduates go to the Employment Bureaus, actively seeking information on programs and vacancies and they directly go to government institutions and companies and submit their CVs.

For the majority of primary and secondary school graduates only source and channel of information on jobs available are parents, relatives, friends and neighbours. Their ability to find a job is largely dependent on the number of people they know and the size and type of social network they have.

University graduates are the only group among young unemployed who are primarily interested in getting a job in their field of expertise. They stated that they invested four years in education for certain profession and that they were not willing to accept a job outside of their profession. However, at least 1/3 of them said they would consider accepting a job requiring university degree education and not related to their profession only as temporary solution while they gain some work experience which would enable them to get a job within their profession.
Other participants with lower level of education do not have any problem in accepting a job which would be out of their field of expertise.

Almost all young people define a good quality job as one with regular working time\(^1\), regularly paid salaries, entailing their formal registration by employers.

Amount of salary seems not to be a big concern for interviewed young people and majority of them would be satisfied with a salary that would range between 400 and 500 KM. They are only concerned about being paid for work performed on regular basis.

However, majority of them are ready to accept informal job where working time\(^1\) is between 10 and 12 hours and includes work during Saturdays and Sundays.

Again, exceptions are young University graduates. Majority of them stated that they would not be willing to accept a job under these terms.

When it comes to equality and equal opportunities, majority of youth are of opinion that they are in disadvantaged position in labour market since they have no working experience. Also, the ones that worked stated that they were not equally treated by employers in comparison with older workers. They were working on lower quality jobs and they were paid less than older workers.

Young female interviewees are of opinion that they do not have equal opportunities since majority of employers are concerned about their present and further marital status and family plans (whether they have children or whether they plan to have children).

Only few participants have been ever contacted by Employment Bureaus and offered jobs or any other type of assistance. Very few were aware about some employment program. Nearly all young people do not know from which institution they could / should get assistance. Also they do not know what kind of assistance would be beneficial to them.

With regard to education system, majority of youth stated that education system prepared them poorly for the world of work and that they gained only some theoretical knowledge.

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\(^1\) Regular working time is 8 hours per day, 40 hours weakly.
Employment Status and Attitudes

All of the youth present are registered with employment bureau as unemployed persons, although not all of them are active job searchers. Actually, three young women that came to the focus group are married and they are not looking for a job at all.

Four out of ten participants have some working experience. All of them were employed informally. Three of them worked outside of their field of expertise, whilst only one participant had a job which was partially related to his profession.

All of these four are secondary school graduates.

For them it is illusory to look for a job in their field of expertise, because if you even look for any type of job, even if it is informal employment, there was nothing available.

Other six never worked for different reasons:
- few young women married early, left school and they became housewives who do not look for a job;
- two participants just completed school;
- few participants explained that they were not willing to work for low salaries and that was only what is available.

Many stated they actively searched for a job, but when asked whether they searched for job actively in the period of the last two months, only two participants gave positive answer.

If we consider ILO strict definition of unemployment, which among the three enlisted criteria requires that a person who should be considered as unemployed person has been actively seeking work for the preceding four weeks, 80% of young people present at the focus group would not be considered as unemployed.

All participants agree that there are very few opportunities for employment in small cities like Donji Vakuf.

Several stated that searching for job was waste of time since there were no jobs and that they expected the Employment Bureau would find jobs for them.

Majority agreed that they were passive in search for job and that they were waiting for someone else to resolve their problems.

Also, majority of them agree that, beside general discouragement, one of the main reasons why young people are not so active in search for job is that they are financially supported by their families and that “there is enough money for coffee and cigarettes”.

Support System

The main reason for registration with employment bureau is health insurance, although majority of them claim that health insurance is basically worthless since one must pay for each medical service.

Not a single participant has been ever called by employment bureau and offered some service or assistance.

Only contact with employment bureau they have is related to regular 30-day reporting related to confirmation of the status of unemployed person and extension of health insurance coverage.

All participants agree that there is no other service provided by employment bureau and that registering with unemployment bureau does not bring unemployed any benefit.

Although majority of them agree that they have little or no assistance from employment bureaus, they still expect employment bureau to find them a job.

Only one participant knew the functions of the employment bureau.

When asked to state what institutions should help them in finding and getting a job, they said that should be:

- Employment Bureau (4 participants)
- State (1 participant)
- Ministry (1 participant)
- Do not know (4 participants)

Only few participants heard about some youth employment program (university graduates), and that was the program for employment of young university graduates implemented by Employment Bureau.

When asked what kind of assistance they expected and what kind of assistance would be useful in getting a job, all of them agreed that it would be related to more information on vacant jobs and at least some transparency in the selection process.

Also, many agree that training in basic skills, such as how and where to look for a job, would be useful assistance.

Majority stated that they would be interested to work as volunteers in order to gain some work experience.

A few stated that it would help if the people of retirement age that were still working would be retired thus freeing up work places for young people.

Also, a few stated that scholarship would help them to continue with their education and improve their competitiveness in labour market.
When asked whether they would be interested to start their own business with significant technical and financial assistance provided, nearly all answered NO.

Only one participant stated that he would do it but only with a group of friends.

**Obstacles in finding a job**

Nearly all participants are of opinion that high youth unemployment is caused by generally poor economic situation and lack of jobs. Beside that, almost all agree that lack of working experience and lack of transparency in employment are the main obstacles in getting a job.

Vacancies are not publicly announced and, even when they are, vacant jobs are filled in even prior to their public announcement (corruption, nepotism, personal connections).

However, when asked to prioritize among the identified issues, majority of participants stated that the most important impediment in finding job was corruption and lack of personal connections with right people that would be able to get you a job. According to them, skills and education are not prevailing criteria for getting a job but personal connections.

Several participants agree that it does not meter what level of education you have, all people have equal difficulties in finding a job. However, four out of ten participants are of opinion that level of education one possess is important and that those with higher education have better chances in getting a job.

Social criteria, such as the status of the family, i.e. number of employed in family, member of family of a killed solder, etc., still plays some role in getting employment in government institutions.

University graduate woman, who graduated at the Pedagogical Academy / Institute (teacher) was told that, since her husband is employed, she cannot expect to get a job while there are other families in worse economic situation.

When asked to prioritize things they believe to be most important in getting a job, all participants agreed about the following:

- the most important thing is personal connection;
- the second on the list of important things is working experience, and
- the third is the level of education.

**Education system**

Nearly all of the participants are of opinion that education system is producing people with occupations that are not needed in the labour market.

Many of participants think that education system did not prepare them well for the world of work. They think that education system should be reformed.
Education system is mainly focused on theory, with little or no practical work. Technical knowledge and skills they gain are not sufficient to enable them to start working immediately after completion of education. Many agreed that they would need some period to gain some job related practical experience.

All participants, although not sure they will be able to find employment, do not have plans to continue with education or to change occupation.

The main reason for not continuing with education is of financial nature. Their families cannot afford to support continuation of their education.

**Equality**

The main inequality between men and women in process of search and getting a job arises from the fact that employers are interested in employing only young women that are not married and have no family obligations nor they are planning to get married in a short time period.

Majority of participants agree that they are not in equal position compared to older workers in labour market since they have no working experience, which is usually one of the main requirements when applying for job.

**Employability skills**

Majority of participants stated they did not know where and how to look for a job. They have no information on labour market and labour market demand and requirements and they do not know how and where to access these information.

Only two participants are looking for a job through publicly announced vacancies in newspapers. All others are getting information and searching for job through family members and friends.

Only few have ever written a CV (university graduates), and they stated they used internet to find out about a proper format for a CV. Most of the participants never wrote their CV nor they knew how to do it. Majority of them stated there was nothing to put in CV since they had no working experience.

**Expectations and reality**

When asked about quality of a job, majority of participants opted mainly for job security and working conditions. Job security, according to them, is related to permanent employment with all legally defined contributions paid. Majority of them would like to find a long-term, regular job in formal sector. Only one participant said that he did not expect to spend his entire life working for one employer.

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2 Out of 10 participants only 3 of them have access to internet.
Quality of job is mainly related to working hours and work during weekends. Majority of participants want a job with 40-hour working week. Women were more pronounced about this requirement because they would like jobs that would leave them enough time they could dedicate to their families.

Salary is an important requirement but falls behind the above mentioned. The first requirement for salary is that it is paid on time. When it comes to the actual amount, their expectations were rather modest and majority of participants would be satisfied with an average monthly salary of about 400 KM.

However, when asked if they would accept offered job in informal sector without contributions paid and with 10 to 12 hours of work per day, nearly all agreed that they would accept such a job.

University graduates are much clearer and “rigid” on what they expect from the job and what kind of job they would accept (working hours, job in their field of expertise, good working environment which allows professional development).

Participants with secondary school education, although with a clear picture about what would be a good quality job for them, are anyhow willing to accept any job offered.

Participants with primary or less than primary education do not have clearly defined criteria about quality of job and they are willing to accept any job under almost any condition.

**Employment Status and Attitudes**

Three out of six participants are employed informally. Their employment is not related to the occupation they gained during formal education. One of them works in the factory with 20 other workers and not a single one is registered nor are contributions on their salaries paid.

The rest of participants are not working because of different reasons:

- No jobs available;
- University student;
- Do not know where to look for a job;
- Not looking for a job and not interested in finding one because only low paid jobs are available. Waiting to leave Bosnia and Herzegovina (USA). They also state it
is useless to apply for a job since, before a vacancy is publicly announced, the position is usually already filled in.

A few participants also stated, referring to low salaries, that "it is better to do nothing than to work for nothing".

A few participants are not registered with Employment Bureau because they think it is useless.

**Support System**

Employment Bureau does not provide any services except for health insurance. However, health insurance is worth nothing since one has to pay anyway for all health services.

All participants agree that Employment Bureau is rather Statistical Bureau, since keeping record on unemployed is the only thing they do.

However, all participants think that Employment Bureau should provide them with information on demand for labour and about vacancies.

The only program that several of them know about is Employment Bureau’s program for young university graduates without working experience.

However, several participants said that program was ill designed and that employers were not interested to employ young people under the terms specified within the program.

One of them stated that employers who wanted to participate in the program were asked to pay 8,000 KM to one of the Employment Bureau’s employees.

All participants agree that support system should provide them with adequate information on labour market, demand in labour market and information on vacancies.

Participants think that problems are of structural nature and caused by lack of law enforcement and the fact that institutions are not doing their jobs.

When asked which institutions should provide them with assistance, majority said that this should be Municipality and Mayor.

Several participants stated that they expected some assistance from Cantonal Employment Bureau and youth non-governmental organizations.

**Obstacles in finding job**

Majority of participants agree that the main obstacles in finding a job are corruption and non-transparent process of employment where personal and family connections play the main role.

Nearly all participants agree that level of education does not play significant role in
increasing chances for getting a job. They are of opinion that all unemployed, regardless of 
education level, are in the same position since there are no jobs available.

Although working experience might play some role in getting a job, in majority of cases jobs 
are filled in on the basis of personal connections.

A University graduate lawyer stated that the system was corrupted and that there was a price 
list for jobs. He stated that a job in one of the commercial banks in Bugojno cost 4,000 KM.

**Education system**

Education system should be improved because, according to the participants, it is of rather 
low quality and does not prepare young people adequately for transition from education to 
work.

University graduates are of opinion that curriculum at university is solely focused on theory 
and that they did not have opportunity for practical work and to gain some work experience.

**Equality**

Majority agree that there are differences how employers treat young and older workers. Older 
workers are getting better jobs and young worker must do all the work that older workers do 
not want to do.

Also they stated that older workers were registered and contributions on their salaries were 
paid, while that was not the case with young workers.

Female participants are of opinion that, because of prevailing culture, there is a sharp 
distinction between male and female jobs. They also think that women are marginalized in 
society.

**Employability skills**

Participants do not know where and how to look for a job. They have no information on labour 
market.

Main source of information about jobs and labour market are family neighbours and friends 
and through radio broadcasts.

**Expectations and reality**

When asked what would be a good quality job for them, majority stated that it would be a job 
where salaries are paid regularly and on time and contributions on salaries are paid.

Working conditions and working hours are also on the top of the list of elements 
determining a good quality job.

Very few of them stated that good quality job would be a job in their field of expertise.
However, majority of participants stated that they would accept any job.
They think that they cannot expect to find a job within their field of expertise.
A few participants stated that they would consider starting their own business under the
condition that they are provided with a loan under favourable terms, technical
assistance, market for their products, etc.

**Employment Status and Attitudes**

Only one of the participants was employed and formally registered by employer. Other
participants are registered with Employment Services as unemployed but they have
occasionally full time or part-time informal jobs.

One of the participants has been working for 8 years but he was not formally registered single
day.

Neither of them had a job or worked in their field of expertise. Two of them with
university degree are working in a restaurant.

Majority of the participants have or had low quality and low paid jobs. Net salaries they
receive on monthly basis are between 200 and 300 KM if paid at all. Girls are working in café
bars for 7 KM per day, while men are working in car wash for 5 KM per day. All jobs they have
or had they found through personal connections.

One local company pays their employees in goods.

All participants agree that employers in private sector treat workers badly.

Majority of participants were in a situation to work for a month or longer period, laid off and
not paid for work done. In state owned companies many people work for over four years
without being paid.

However, when asked whether they actively looked for a job during the last two
months, only minority answered positively.

**Support System**

Not a single participant has been ever contacted by Employment Services and offered any
type of assistance. The only contact with Employment Services is related to registration
for health insurance. All participants agree that Employment Services are useless and that
staff working there is unprofessional and rude.

There are some vacancies on Employment Services board but first requirement for all
vacancies is minimum three years of work experience. Also, majority of vacancies are in Croatian shipyards. They have not heard about any employment program targeting unemployed youth.

**Obstacles in finding job**

All participants agree that the main two obstacles in getting a job are corruption and required work experience. They claim that it is almost impossible to get a job if you do not have a direct personal connection or if you do not know someone with strong personal connection with employers.

Also, majority agree that one of the main reasons is poor economic situation. Simply, there are no jobs available. What makes situation even worse is that they do not see improvement - the situation is only getting worse.

**Expectations and reality**

When asked how they would define good quality job, majority agreed that that a good job would be:

(i) where salaries are paid on regular basis;
(ii) job with normal work time.

Majority agree that it is not important whether the job is in their field of expertise.

**VITEZ**

**Employment Status and Attitudes**

All participants are registered with Employment Bureau as unemployed. Half of them worked or are still working informally.

However, during the last two months only 3 out of 12 applied for a job. Three female participants, although registered with Employment Bureau as unemployed, are actually housewives and they are not looking for a job. Majority of them stated that they gave up and did not look for a job since there were no vacancies. According to them, there are few vacancies and too many unemployed. They also claim that hiring procedures are unfair and not based on competencies.

They think that type and level of education does not play any role in having better chances to get employment.

Only ones with university degree education are applying on announced vacancies. The main
source of information on job opportunities are friends and people they know. For those who are active job seekers, usual way for looking for a job is to go directly from company to company and ask for a job.

It seems that the most valuable information they get is the information that someone was fired in certain company. After receiving that information they would go directly to that company and ask for employment on that specific position.

**Support System**

Only one out of 12 participants was contacted by Employment Bureau and offered a job. Only 2 out of 12 have ever heard about some employment program. Both of them are with University degree education and program was related to provision of subventions to employers for hiring youth with University degree education.

When asked on their opinion as to which institution should / could help them to get a job, only one out of 12 said that it should be Employment Bureau.

Few of them stated that it should be Municipality.

When asked about the type of assistance from which they could benefit, youth with University degree education stated that it would be assistance to gain one year of initial work experience. Half of the participants said that they would benefit from training and retraining programs.

Not a single participant was interested in assistance for starting business.

**Obstacles in finding job**

Majority of participants also stated that they did not know where to look or whom to ask about job opportunities.

The main obstacles in finding a job according to the participants are: (i) poor economic situation and no jobs available; (ii) only way to get a job is through personal connections and (iii) if there was a vacancy, they were looking for someone with work experience.

One of the participants said that usual answer they had heard from employers was that they were young and just out of school and that they had to be patient. Some of them, especially ones with University degree education, were advised to become politically active and join some political party thus increasing their chances to get a job.

Majority of them agree that the chance for getting a job is directly correlated with the size of social network one has (number of people one knows).

**Education system**
Only one participant stated that education system was good.

Majority agree that education system did not prepare them well for the world of work. The main reason was complete absence of practice during their education.

**Equality**

Majority agree that young workers are not equally treated by employers. Young workers are less paid and must work much harder than older workers.

Regarding gender equality, female participants claim that they are in disadvantaged position since employers do not want to hire them because they think they will be more absent from a job either because of potential pregnancy or other family reasons.

**Expectations and reality**

When asked to define a good quality job, majority stated that this would be a job with regular working time, regularly paid salaries and where they would be formally registered by employer and insured.

Their expectation related to salary level was rather modest since majority stated they would be satisfied with the monthly salary of 400 up to 500 KM.

When asked whether they were ready to accept a job which was not within their field of expertise, only 3 participants with University degree education stated they would not do it.

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**FOJNICA**

**Employment Status and Attitudes**

Only 2 out of 7 have been formally employed at some point. Only one out of 7 is not registered with Employment Bureau as unemployed. He has been registered with Employment Bureau for 6 years but he was taken out from their registry, regardless of the fact that he was/is still unemployed. The reason for his delisting was that he failed to reregister during one month.

Presently no one is formally employed; they only have occasional jobs that last from few days up to a month.

However, only one out of 7 has actively searched for a job during the last two months. All of them state they would work but that there are no jobs available.

Information about job opportunities they get from friends and people they know.

The method they use in search for a job is going directly to companies and asking
whether there is any need for workforce.

Not single one of them is applying to vacancies published in newspapers or other media since they are asking for certain type of education and working experience.

**Support System**

They have not received any assistance from Employment Bureau. The only contact with Employment Bureau is related to registration.

The only employment program they know about is Employment Bureau program offering 4,000 KM to unemployed in turn for delisting from Employment Bureau registry for the period of three years. They think that was a good program since, anyhow, Employment Bureau is useless. However, the problem is that resources for this program are limited and many people have applied.

When asked about the institutions that should/could help them, all participants stated that they did not expect anything from Employment Bureau. All of them think that Municipal administration is the one that should help them in getting a job.

When asked about the type of assistance from which they could benefit, they stated that this could be a loan to start business (under favourable terms) and training and retraining.

**Obstacles in finding job**

They stated that the biggest problem was poor overall economic situation. According to them, in recent time, 700 young people left Fojnica in search for a job. Majority of them left for Croatia.

The second problem is that employers in private sector are hiring only family members and relatives. Thirdly, all employers are looking for someone with working experience.

They also stated that big problem for them was inappropriate level of education which made them less competitive on labour market.

**Equality**

According to participants, young workers are paid less than older workers for the same jobs.

**Expectations and reality**

When asked to define a good quality job, they agreed that this would be: (i) job with regular working time, (ii) with a salary that would enable survival, (iii) security of employment (long-term employment).
Employment Status and Attitudes

All participants are unemployed and registered with Employment Bureau. Out of 10, 7 participants have/had occasional jobs but they were not formally registered by employers. Only 5 out of 10 have actively searched for a job during the last two months. The only source of information about job opportunities are friends and people they know. All of them agree that the only way to get a job is through personal connections. Half of them stated that there was large corruption in state owned companies and institutions and that there was a price-list for jobs. Several of them said that price of workplace was around 15,000 KM. Two of them were directly asked for this amount of money if they wanted to get the job.

Support System

They received no assistance from Employment Bureau. They heard about the program targeting young university graduates. Few of them also heard about the program related to provision of 4,000 KM and delisting from registry of Employment Bureau for three years period.

Half of participants think that additional training or retraining would help them and increase their chances to get a job.

Only few would be interested in starting their own business if the financial assistance would be provided.

Majority think that Employment Bureau is the institution that should help them and they should do much better job than they are doing right now. Only few think that Municipality is the one that should help them.

Equality

Half of participants are of opinion that young people are not discriminated and that all workers are treated equally. Other half did not have opinion on this issue since they had no work experience.

Female participants are of opinion that they are in disadvantaged position since the first question employers ask is whether they have family and whether they plan to have children.

Expectations and reality

Majority of participants define a good job as a long-term job with regular working time and regularly paid salaries. When prioritizing criteria, majority gives highest priority to job
security (long-term job).

However, majority of them would accept any job under almost any condition.

Also, majority agree that it is not important whether the job is in their field of expertise.

**ŽEPČE**

**Employment Status and Attitudes**

All participants are registered with Employment Bureau as unemployed. Almost all of them were/are working, but not single one of them is formally registered by their employers. Presently 9 out of 12 are employed informally. One of them has been registered as unemployed for 6 years and during all these 6 years he was informally employed. Another one has been registered as unemployed for 7 years and also informally employed during that period.

Only few of them have actively searched for a job during the last two months. Almost nobody is applying on vacancies published in newspapers and other media.

Almost all of them were in a situation to work for a several months and not get paid for the work done. It is almost a standard practice in private sector that employer is asking that they work for a few months without salary.

One textile factory in Begov Han is hiring women, but requirement is that they have to work the first three months without salary.

**Support System**

They have not received any assistance from Employment Bureau. More then half of participants would consider starting their own business if assisted financially.

Only few are of opinion that additional training and retraining would help them and increase their chances to find a job.

**Obstacles in finding job**

The main obstacle is that one can get a regular job only through personal connections. The rest of jobs available are low paid informal jobs.

Second important obstacle to youth employment is lack of work experience.

Majority of participants are of opinion that education is not an issue because employers are not giving any importance to the type and level of education. Majority of people they hire are not formally qualified for jobs they do.
With regard to corruption, nobody was asked to pay for a job. Only one of participants stated that his father was forced to pay 2,000 KM in order to keep his job in one Hospital in Zenica.

**Expectations and reality**

When asked to define a good quality job, majority stated that it would be a job where salaries were paid regularly. Majority of them are more concerned with the regularity of the salary payment then with the actual salary amount.

The second characteristic of a good quality job is formal registration - contributions on salary paid and insurance.

The third on the list is working time. However, majority stated that 12-hour working time would not be a problem.

According to the participants, large number of young people is discouraged and, if they are supported financially by other family members, they are becoming inactive.

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**SOKOLAC**

**Employment Status and Attitudes**

Out of 14 participants, 11 are registered with Employment Bureau as unemployed. Three participants are full time employees and formally registered. Out of 11 registered as unemployed, 10 worked / are working on occasional informal jobs. Duration of these informal jobs goes from a few months up to three years.

Out of eleven, four participants were in situation that they were not paid for work performed.

Majority receive information about job opportunities from friends and personal contacts. Only few of them are applying for vacancies announced in newspapers and other media.

Only one is looking for a job through Employment Bureau.

When asked about reasons for inactivity of young people, they agreed about the two main reasons:

1. Young people are getting discouraged after certain period of search for a job with no results;
2. They do not know how and where to look for a job;

However, only 2 out of 11 registered as unemployed have actively searched for a job during
the last two months.

**Support system**

Majority of participants never received any assistance from Employment Bureau. Only few of them heard about some employment program.

Majority of them is of opinion that Employment Bureau should assist them in the process of searching for a job.

Only few of them think that Municipality should play some role and assist young people.

**Education**

Participants have divided opinion on the importance of education as a factor that would increase one’s competitiveness in labour market. Half of them think that type and level of education play some role in one’s competitiveness in labour market.

Majority is of opinion that education system is mainly focused on theory and no practical work thus making them unprepared for work.

**Equality**

Female participants are of opinion that they are in disadvantaged position since the first two questions asked by employers are whether they are married and whether they have children or they plan to have them.

**Obstacles in finding job**

When asked about the main obstacles in finding a job, they enlisted and prioritized the following reasons:

1. Corruption and family / personal connections;
2. Inappropriate education;
3. No transparency in recruitment process;
4. Poor economic situation and lack of job opportunities.

Two participants stated they were asked to pay for employment. Other stated they did not have such experience but that they heard about it.

**Expectations and reality**

When asked what they considered as a good quality job, majority opted for regular working time. The second characteristic was related to decent salary. According to them, that would be a salary within the range of 400 – 700 KM. Several participants said that this would be a job in their field of expertise. These were mainly University graduates.

However, half of participants stated they would accept any job under any condition. About
half of them said they would accept job with 12-hour working time and salary of 500 KM. Majority of participants are not interested in starting their own business.

**Employment Status and Attitudes**

All 12 participants are registered with Employment Bureau as unemployed. Duration of their unemployment differs and it goes from 3 months up to 8 years.

Only a few of participants (4) have actively searched for a job during the last two months. Majority said that they did not know where to look for a job. Few of them said there was no use of looking for a job because there were no jobs available.

All except one were or still are informally employed. Majority of the interviewed youth have had occasional jobs. One of the participants stated that, while he was employed informally, labour inspectors caught him while working. He was fired, removed from the Employment Bureau registry and penalized while employer suffered no consequence.

All participants agree that, because of poor economic situation and few job opportunities, large number of young people is discouraged and becoming inactive.

All participants agree that they do not have equal chances and opportunity to get a job when compared with older workers since they lack working experience.

Large number of youth is going to Serbia, hoping that they will find a job there.

**Support system**

Only one out of 12 participants was offered assistance from the Employment Bureau. Employment Bureau does not provide unemployed with any information about demand for labour. The only sources of information on job opportunities, for majority of participants, are friends and people they know.

**Education**

Only few participants stated they were well prepared by education system. Majority of them is of opinion that education system is of low quality and does not provide any possibility for gaining some practical experience.

All participants agree that education system did not provide them with any soft skills (employability skills).

Almost all participants stated that they did not know how to write CV. Majority of
participants think that education system is producing workers with skills not needed in labour market.

**Obstacles in finding job**

Majority of participants are of opinion that hiring process in not transparent and that only a person with strong family or personal connections can get a job.

Several participants stated that lack of working experience represented youth specific obstacle for getting a job.

Few participants are of opinion that employability skills of young people are extremely low.

When asked about corruption, several participants stated they were asked for money as a precondition to getting a job. Amount of money asked ranged from 2,000 up to 5,000 KM. All these jobs were in public institutions.

**Expectations and reality**

When asked about their expectations and opinion on what is a good quality job, all participants agree that it would be a formal job with all contributions on salary paid.

Another important characteristic of a good quality job on which all participants agree is regular working time.

Majority of participants placed salary amount on the third place of the list of important criteria. Majority of them consider salary of 500 KM a good salary.

Only few said that it would be important for them to get a job in their field of expertise.

However, majority stated that they would accept informal job, paid less than 500 KM and with 10-hour working time per day.

Only a few of participants would consider option to start their own business.

Like in all other Municipalities, youth from Visegrad are not sure who should / could help them or what kind of assistance would be beneficial to them.

However, majority state that the Employment Bureau is the institution that should provide them with assistance.

Only a few stated that they would benefit from additional training.
ANNEX 5

Youth Employment
Nongovernmental Sector
The goal of this paper is to analyze the involvement of NGO organizations in BiH in regard to the burning issue of youth unemployment. It is necessary to list existing activities, and to recognize what is missing.

Numerous projects and activities have addressed this issue, while different methods and skills were engaged. The majority of projects were financially and logistically supported by the International Community in BiH, while only since recently we can follow the increasing support and involvement of local authorities.

**NGO Sector**

Significant resources were invested in civil society capacity building projects in Bosnia and Herzegovina following humanitarian and emergency assistance. Donors based in BiH and abroad, together with international non-governmental organizations (NGOs), have made an enormous impact to the development of civil society in BiH.

NGOs are viewed as a beneficial complementary source filling gaps in society not provided by the public or for-profit sectors. The challenge presents the overall picture of the sector. There is a large discrepancy between the number of registered organizations and those that are active. Also, there is a lack of knowledge and skills, especially in smaller communities. Often, this sector, supported by the International Community has served as the social instrument itself, what presents the obstacle in regard to the long-term sustainability of most of the existing organizations.
Youth Unemployment Initiatives

Who fits the area of interest?¹

There is a growing number of NGO initiatives that in one way or another deal with the issue of youth unemployment. In regard to analyses of existing projects in this field, it is important to recognize major areas that are addressed, and reflect profile and activities of organizations involved. While mapping the particular field, we had to observe it with the largest possible amount of flexibility. The problem is that rarely any organization has focus on youth employment solely, and it is also rare that this area is inserted in organizational mission statement.

Large number of activities does not precisely target the issue of youth employment, specializing to only this particular target group. However, employment stimulation projects do tend in large to stimulate youth as one of their potential target categories. For instance, ALDI from Gorazde specializes in various economic services, but it does not solely deals with youth. On the other hand, this organization employs exclusively young people. The similar situation exists in most of newly founded research policy oriented organizations.

Organizations, often through project activities, do fulfill some of criteria to be observed as job-accumulating initiatives for youth. For instance, the Foundation for Creative Development from Sarajevo organizes trainings for using ICT technologies, what indirectly contributes to capacity building in particular field of modern technologies, and as such can be considered as tackling the issue of improving youth employability. Rarely any organization has limited its scope to being youth employment oriented only, but covers this segment periodically in regard to possible donor interests and needs. For instance, the Youth Information Agency (OIA), has a wide agenda, dealing with different youth issues, such as youth politics, promoting debate practices, organizing educational opportunities, etc, but has also produced some of the most valuable researches in regard to the NGO involvement in the sector of youth unemployment.

Amount of foreign funds is rapidly decreasing, while domestic governments did not took the financing and coordinating role from there. This is resulting in a number of organizations ceasing to exist, what is considerable loss for number of communities. However, another negative outcome is fund-hunting orientation of most of organization, where organizations

¹ It is important to note that, while preparing this research, number of web networks have been contacted, such as BH Front, European Movement Network, BH Policy, etc. Also, a large help to our research was an excellent and detailed publication issued by the Youth Information Agency (OIA): “Importance, needs and possibilities of youth employment and entrepreneurship”, that have listed number of organizations involved in the field of youth unemployment (published by OIA).
change their portfolio according to donors’ needs, not being able to build sufficient capacities in particular fields. For instance, our overview of organizational activities shows that it is possible that one local organization from relatively small town participates in projects of tourism development in rural areas, participation of youth in preventing xenophobia and promotion of access to information on municipal level. Often, donors’ needs defer from true needs of societies (what result from insufficient two-way communication), pushing organizations to get involved in activities that do not respond to particular needs of their societies. The best example is growing number of projects that support development of tourism, even though most of those areas are traditionally agricultural ones, with no tourist traditions and post-war problems.

**Financing**

Number of projects has been implemented by the international agencies, where domestic institutions and expertise were outsourced. The majority of interventions, but mostly with much lower budget capacities, have been coordinated and implemented by domestic organizations. Of course, majority of these interventions were also financed by foreign donations, often monitored by international agencies present and active in BiH, so it is difficult to separate the framework projects run by international agencies from sub-initiatives implemented by local organizations. As the major international donors and implementers in this field we can recognize the USAID, OSI (Open Society Institute), CISP, UNDP, European Commission, various embassies, etc.

**Cooperation with governments**

There is generally insufficient communication and cooperation practice of NGO youth unemployment sector with government institutions, what is applicable to all instances. Sometimes great initiatives are not properly communicated to power-holders, what results in weaker outcomes of activities. The blame can not be placed on the governance side only, since NGOs are often not developing skills and tools on how to communicate and create proper trust and cooperation, avoiding being pure opposition to power-holders. For instance, while most of NGOs apply on tenders announced by the EC Delegation, far less interest had attracted similar initiatives by domestic institutions, such as Canton Sarajevo, even though funds available were quite attractive.

Initiated by the International Community, almost one third of municipalities in BiH have created municipal youth councils. While some have been set as part of municipal structures, others have been set up as independent NGOs. Organizations that remained part of municipal
structures have larger possibilities to reach municipal funds, and to communicate with local officials in regard to their needs. On the other hand, these projects are often subject to political influence and dependency to local power-holders. The independent institutions on the other hand have higher degree of independence, but fewer possibilities to gain support from municipal structures.

Unfortunately, NGO projects are often having weak outcome. Both international and domestic institutions have produced massive and valuable researches and recommendations that are often at the end just purpose for their existence. While certain analyses went far, and produced detailed results, some of the general and simple problems remain: for instance the fact that it takes months of administrative troubles to register a company.

**Reaching citizens**

The major problem presents the fact that neither government, nor NGOs have succeeded in their major responsibility: to fully involve citizens. Only small percentages of those who need assistance actually use it through services provided by NGOs. This is the result of all problems mentioned above. Projects are not properly targeted, they are mostly loaded with administration, usually NGOs save money necessary to promote activities in order to cover their costs, NGOs usually do not have proper PR capacities and skills, they are not client-oriented, projects are not adapted to specific needs of target populations in their communities, etc. Finally, the evaluation procedures are often tailored in order to protect both organizations and donors. Unfortunately, the additional costs of raising mentioned capabilities, and changing basic organizational culture, are probably less than the amounts of money being spent without proper results.

**Classification**

Taking in the account wide range of projects and ideas provided by organizations, it is possible to create the initial classification of interventions in this area. Also, it is important to take into consideration that some projects are cross-cutting, and can be classified under more than only one group. This list is still not definite and will remain a permanent subject to changes. The fact is that NGO initiatives are not properly monitored and that there is no single info-point where one can get the full information over the existing activities. We suggest the following classification: stimulating startups, creating employment opportunities, educational

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2 As the starting point for the mapping process, we have used the list of organizations (kindly) received front the World Learning that consists of more than 350 contacts, including names, cities, names of organizations, and short descriptions of activities. From that list we have selected 60 contacts, taking into consideration listed activities of organizations, and posts that persons held in these organizations. The e-mail was sent to those selected, asking them to confirm if the contact is correct, and if their organization is truly active in the area of youth employment. Also, we have asked if possible, to get some basic information on what kind of projects these organizations are conducting.
and informative initiatives, connecting employers and job-seekers, research and advocacy, access to finance, work with specific target groups, international agencies.

Under each category we have selected examples that give the best picture of existing projects in numbered categories. At the end of the text we have provided the list of organizations that have been involved in projects that regard the youth employment (with the most flexible definition), including ones that in regard to its mission have capacities to be involved in the future.

a. Stimulating startups

These are the projects that through their implementation automatically stimulate business startups. Projects provide opportunities for people who want to start their own business, giving them basic assistance, logistical support, possible financing arrangements, etc.

**Mladi u akciji Most, (Youth in Action MOST), Doboj.** In 2003 Youth in Action Most has provided trainings for youth interested to start own business. 15 people were included in these activities. The plan was to analyze business ideas, the potential of these ideas at the market, assist in budget development, and help in creation of the business plan and follow up the realization. Project also involved connections with potential creditors, sharing information about other supporting programs, assisting in collection of necessary documentation, etc.

**NGO Krajina, Derventa** - Participated in the process of establishing the business incubator in Banja Luka with emphasis on involvement of young people and stimulating them to establish their own business. Also, this organization conducted the educational programs for NGO activist, as well as for young people in order to train them how to establish business plan and develop a good business ideas in the region of Posavina and Banja Luka.

**Nezavisni biro za razvoj, NGO Independent Office for Development (NBR), Modrica.** The NBR assisted the municipality of Modrica to established the business incubator. For the purpose of the project, former public house was reconstructed in order to place the business incubator in it. Users of this incubator have been provided with number of services such as internet, phone line, fax, offices, and conference rooms.

**The Open Society Fund BiH.** Three years ago, The Open Society Fund introduced the new practical educative methods in secondary schools promoting business creation. Students
defined business ideas, researched the market and created business plans. As the outcome, 241 business plans were approved and financed

**Bussiness Inovation and Technology Center, Tuzla** conducts a project that provides possibilities for young experts to establish and develop their own business. This center is composed of business incubator that offers possibilities for renting offices with modern equipment and service of expert-advisory in the domain of finance, marketing, management, accounting and law.

**EXIT Center, Banja Luka.** This Center is working in cooperation with Electro-technical faculty of Banja Luka on IT business incubator project. The aim of this project is to establish new IT companies that would create opportunities for youth employment. First IT incubator is established in Northwest Region of BiH.

**b. Creating employment opportunities**

This category considers projects creating business climate and initiatives that stimulate higher level of employment. These activities often target specific groups of users and geographical areas, promoting ideas and building capacities both in public and private sectors.

**Omladinska inicijativa Nevesinje, Youth Initiative Nevesinje.** Organization conducts different projects that eventually create employment opportunities. The project “Eco Tourism of the Velez Mountain” provides trainings and employment opportunities for young people. This organization works on creating of tourist offer in the region, where all employees are young people.

**Fondacija za kreativni razvoj, Foundation for Creative Development, Sarajevo.** Mission of this NGO is to gather and support children, youth, and parents in their committed endeavors to build a peaceful BiH through participating in and improving educational, cultural, and social structures. It provides trainings for using ICT technologies (video production) for youth. Foundation also provides trainees with equipment in order to help them create their own services. The organization also implements projects that advocate youth policies, also including the employment.

**Mladi u akciji Most, Youth in Action MOST, Doboj.** In 2005, the organization has provided education for work in tourism, with specialization for the region of Ozren. Attendees
are now members of the Tourist Information Team of Ozren Region. In addition the organization plans to participate in creating the plan for tourism in Ozren Region. The project will invite and stimulate youth to choose tourism and supporting industries as their professional orientation.

**International Forum Bosnia - Regional Centre Mostar, Mostar**

This organization stimulates return to rural areas, especially targeting young people. BiH has no strategy for the revitalization of rural areas. The project support development of favorable conditions for young people in rural area, and help them to develop small business.

**NGO Krajina, Derventa.** Development of business planning, improvement of channels of distribution, job market initiatives, professional orientation of youth.

**Partnerski omladinski program, Youth Partnership Program, Banja Luka.** The network of youth organizations that work on youth culture, opening youth culture clubs. Through these initiatives, this network stimulates youth employment, providing trainings and work opportunities for young people

c. Educational and informative initiatives

Education presents one of the major aspects where nongovernmental organizations can make significant difference. Education system in the country is still dragging habits and lack of flexibility from the previous system, while at the same time is becoming increasingly expensive.

Providing number of trainings and capacity development projects, organizations are often the key places in municipalities in regard to language knowledge, work with IT technologies, writing projects and searching for available funds, increasingly interesting for municipal institutions.

**Youth Info Agency (OIA)** OIA is situated in Sarajevo and has 4 info desks in Bihac, Zenica, Zvornik and Mrkonjic Grad, where young people can receive all kinds of info regarding youth politics what includes youth employment too. Employment vacancies are listed on the OIA web page [www.mladi.info](http://www.mladi.info) which is the only web page in BiH that posts every single vacancy position from the governmental and non-governmental sector.
World University Service (SUS) through the project of "BH Case Challenge" gives possibilities to students to extend their university knowledge and test it in practical exercises. This project is one of the largest student competitions. Students compete in business, law, politics and information technology.

Centar informativno-pravne pomoci, The Centre for information-legal assistance, Zvornik. The organization deals with youth employment, emphasizing on business startups. The organization also organises computer trainings, and provides information and legal assistance.

NGO Sinergija offers high school graduates the possibility to receive main skills for entrepreneurship through the practical and theoretical work. So far, this project educated over thousand high school graduates from Banja Luka and Doboj.

NGO Krajina, Derventa. The organization has established the Educational Center offering the wide range of educational possibilities.

Business center Srebrenica (BCS) is a business educative center that creates positive business environment for employment and self employment through the business education. The work of this organization gives priority for business education to youth and women.

ProOMENTE Sarajevo. Through the project "My Carrier" this organization together with SUS and SRC-e is develops suitable model for professional orientation. This model should help young people to create their future carrier according to their skills and knowledge.

SRCe – This organization promotes education opportunities at universities in the country and abroad. Direct users of this program are graduate high school students, university students, post graduate students and all other people that are looking for specific education or trainings.

Web sites:
www.profil.ba
www.agencijaspektar.com
www.posao.ba
d. Connecting employers and job-seekers

It is important to create opportunities for job-seekers to meet potential employers. These initiatives provide information, experience for job-seeking. Apart from finding jobs, these activities train participants to prepare necessary documentations, create presentation skills, search for appropriate experience, etc.

*Mladi u akciji Most, Youth in Action MOST, Doboj* supported by the grant received by the EC in 2002, MAK has organized the first Job Shop in BiH. The goal of this activity was to ensure information flow between youth and employers and educational institutions. Job seekers were introduced to techniques of writing cover letters, proper presentation, etc. In 2004 MAK Most implemented the project of youth employment through providing internship (voluntary) opportunities. The idea was that through initial voluntary engagement with assistance of mentors, youth would have the opportunity to get necessary skills and knowledge, becoming more competitive at the job market.

*World University Service* through the CROSSROAD project has created opportunities for students to meet representatives of successful business companies through internships and presence at the business fairs.

*AIESEC, Sarajevo* runs the project “Career Days” connecting companies with students. This project offers seminars and job fairs where representatives of companies give presentations and discuss possible business opportunities. Last year, 33 students have been employed through this project. AIESEC provided companies with the data base of successful students that participated in the project.

*PROFIL.* This organization works with businesses in Slovenia, Croatia, Serbia, Montenegro and BiH. PROFIL contacts companies to examine what profile of employees they need, assisting them in the search for appropriate candidates.

*Agency Spektar* works in the field of youth employment by providing connections and relations between job seekers and companies. This organization gives services of headhunting, job matching, advisory courses, etc.
e. Research and advocacy

Spreading information and lobbying for higher involvement of relevant institutions in the area of youth employment is essential: promotion and advocacy, providing information on existing opportunities, advising on professional orientation.

ACIPS Center for Policy Research, analyzes possibilities that will be available to BiH in future steps of the EU integration process, and could be utilized to the maximum only if proper strategy is selected. The policy study proposes the best models, and provides the basic ground for future prospects and opportunities, including new employment opportunities.

Youth Information Agency (OIA) has issued an important publication that analyzes the present state and prospects of youth employment across the country. "Importance, needs and possibilities of youth employment and entrepreneurship” lists most of organizations active in this area, and provides classification, as well as analyses of existing potential.

CEPOS (Center for Policy Studies) has conducted research "The Analyses of link between the labor market and educational opportunities” published in 2005.

Bona Fides conducted Socio-economic analyses of Bijeljina, Ugljevik, Lopare and Teocak municipalities.

Prism Research, research on youth and employment, important statistical overview: "Youth Unemployment in BiH”.

ACIPS, supported by the USAID has published "The guide for registration of micro business”

f. Access to finance

There are few NGOs that function as micro-credit organizations, providing financing arrangements to individuals and groups. Their work is especially valuable in areas where access to finances is even more difficult. It is important to note that none of organizations are solely oriented to work with youth population.
**Zdravo-mikrokreditna organizacija / Micro credit organization** – Financial support, development and realization of business ideas of individuals and groups, thus contributing to better conditions of life in rural, semi-rural and medium-developed areas.

**MI-Bospo** provides financial services for women entrepreneurs to develop business and to gain economic independence and better status in family, becoming more active members of society.

g. **Work with specific target groups (often highly vulnerable)**

This group deals with an aspect extremely important for developing countries and post-conflict societies. Increased number of vulnerable groups, and individuals that belong to them, requires attention that states with insufficient capacities and lack of funds cannot properly deal with. The role of the civil society and nongovernmental organizations as the part of it can be of a great help. Proper ideas, projects, openness to volunteerism, avoiding over-institutionalization, and access to modern management, can provide extra opportunities and services to these groups.

**NGO Familija, Tuzla** - The organization is working with children without both parents, takes care of their normal development and the process of joining society. This organization through number of projects has attempted to assist employment of this vulnerable group, including legislative solutions to support employment. One project assisted the Government of Canton Tuzla to stimulate employment of people from this group, providing the initial support to the monthly salary of 500KM for a period of one year.

**NGO Altruist, Sarajevo** - The organization works with mentally disabled people that completed education process and are facing employment difficulties. Its mission is to give support and create conditions for persons with special needs and give them chance to show their personal values to be useful for society. The organization attempts to create systematic solution that would include governmental institutions, particularly the institutions of Canton Sarajevo.
h. International Agencies

There are numerous international agencies in BiH that place in their focus either economic development or work with youth. Often organizations are working in particular regions, supporting both individuals and local NGOs that had to go through the capacity building process.

h.a. Research

It is important to note that international agencies had a pioneer role in the process of raising youth unemployment issue. The first detailed analyses that explained the problem and gave guidelines for strategic approach were prepared by some international agencies.

The UNDP Human Development Report in 2000 analyzed the Youth issues in BiH. Also, in 2003 two important analyses on this topic were prepared by this agency. In the document "Youth in BiH", the issue of the Youth and Economy was properly addressed.

In 2004, The World Bank has produced report: "Building Youth Policy in BiH: Youth Inclusion, Empowerment and Development" that defined the overall unemployment rate of youth in the country (44.6%), as well as a research analyzing the status of youth in Southeastern Europe.

In 2004, DFID has produced report "Living in BiH Wave 4" that in its scope analyzed employment and youth.

In 2005, NDI supported by the USAID produced the paper "Actual Position of Youth in BiH". In 2005, the Independent Bureau for Humanitarian Issues/BiH has produced the paper "Youth in BiH, Moving from the margins to an indispensable potential". 2006. CISP currently in the process of preparing detailed research on youth unemployment.

h.b. Financing local initiatives

To most of the public, international agencies are perceived as leading donors in this field. There are numerous donors, such as: UNDP/UNV, OSCE, GTZ, SDC, FOD BiH, DFID, UMCOR, EC, IRC, etc.
**h.c. Sharing experience and networking organizations**

The growth of the sector requires better coordination and higher level of networking across the country. Even though youth organizations have been increasingly involved in networking practices, the fact is that there is still missing better linking address and ways of communication.

*US Embassy and the World Learning* In October 2005, the US Embassy has decided to raise the issue of the youth employment, supporting the World Learning to organize the conference. This was one of few events that the US administration has prepared in the scope of celebrating ten years of the end of the war in BiH. The selection of the topic clearly placed emphasizes on the future of the country, connecting the economic development with the youth, the population group that is considered to be vulnerable.

Information gathered for this purpose, as well as projects that were spin-offs of the conference are very important for understanding the current state of the area of youth employment and participation of the nongovernmental sector. The conference produced the document that presents the first step in the active engagement of the young branches of political parties and youth organizations, as well as contribution to the draft proposal for the set of systematic tools to solve youth issues.

**h.d. Policy Building**

The fact that issue of youth is not properly institutionalized in BiH, has provoked a number of international agencies to push creation of new bodies at the state level that would build capacities in order to answer growing and burning issues.

So far, large support has been focused on development of youth policy mechanisms at local levels. Up to now, 20% of all municipalities in BiH have appointed youth focal points within their administration, while 35% also have Youth Commission at the level of the Municipal Council. At the state level, at the end of 2004, the Council of Ministers has established a Youth Commission representing different ministries, the Presidency and youth from both entities.3

Supported by the UNV, GTZ and other international agencies, there is completing of procedures and administrative requirements for establishment of the Youth Department at the state level Ministry of Civil Affairs.

3 Paragraph inserted from “Ten Years after Dayton: Youth in BiH, Moving from the margins to an indispensable potential”, IBHI, 2005
Annex I

Conclusions and Recommendations

Great amount of time, energy and funds have been devoted in the area of improving youth employment in last ten years. However, the fact is that great results are missing, and the success stories are mostly matter of individual actions than systematic and long-lasting initiatives.

NGO projects have succeeded to increase capacities at local communities, being often the only sources of knowledge and information. In large, the major gain was in building soft skills of young people, providing information of the labor market, connecting job seekers with employers, etc.

Number of projects intended to stimulate youth entrepreneurship, providing information, trainings, and some institutional support. However, organizations are rarely capable to verify the purposefulness of these initiatives, and mostly do not have numbers of how many businesses have been started as results of these initiatives.

Taking in consideration mentioned above, it is clear that educational and informational projects do make sense. On the other hand, the question is how to model projects that directly target increase of business initiatives. In order to do so, organizations have to be better connected, possibly in a network. The purpose of networking would be to provide better sharing of information, sharing best practices, providing protection from possible problems and pressures by local power holders, and to be capable to act as a stronger lobbying force (sticking to common needs and initiatives), provide stronger administrative and financial infrastructure. If provided with this kind of strength, NGO sector can act in this field in various ways: become strong advocacy and lobbing force, assist in providing financial services to users, monitor administration and prevent administrative obstacles, help in start-up activities, etc.

I Institution Building

The area of youth employment represents a field that has not been seriously, nor systematically addressed and handled from the side of domestic power-holders. International agencies are still the major promoters of initiatives that relate to this area. These initiatives
are usually matter of agenda and good-will created outside of domestic strategic plan-making, Current interventions, usually international, are often overlapping, not being utilized to the fullest capacities, and simply failing due to lack of institutional support and obstacles.

The large number of resources has been invested in creating NGO capacities, with wide network and solid regional distribution. Capacity building projects have produced good domestic logistics and know-how for new kind of projects, to be implemented in partnership of international and local organizations, having potential for setting higher level of goals.

On the other hand, this support has also resulted in negative ownership distribution, that often leaves out domestic institutions at all levels of governance from taking their part, fulfilling their natural duties, and finally facing necessary responsibility. Efforts have been made in this direction, such as creation of youth municipal councils, but it is not clear how many domestic institutions seriously provide support and trust into these bodies, except from allowing some basic infrastructure and legitimacy for new projects development.

**Recommendations:**

**Provide domestic institutional coordination, possibly at the state level that could be the only long-term guarantee of proper support for the youth employment area.** The realistic solution is in building departmental infrastructure within the state level Ministry for Civil Affairs. At the entity level, in Republika Srpska there is the Ministry for Family, Youth and Sport, while at the Federation BiH level, this kind of institutional organization is missing. This should present the basic institutional frame that will have to be properly coordinated, and provided with solid capacities. Of course this doesn't mean that international organizations have to stay on the side, quite contrary. Establishment of departments will require serious capacity building and proper management organization, accountability instruments, and proper staffing. Taking into consideration the complexity of institutional system of the country and political interference in such processes, strong support of international agencies will be the must.

**Coordinate international interventions.** This shows that intervention of international organizations often overlaps, resulting in unnecessary spending of available resources. Since similar efforts have existed for years, and different organizations have better connections and influence in different regions of the country, it is crucial that the major donors and implementers share information and know-how. Possible options are insisting on regular
coordination meetings where the major donors and implementers in this area would meet, share experiences and possibly join forces. These efforts should be open to external revisions and reports (possibly domestic).

**II Service Providers - NGOs**

The major problem of lack of domestic institutional support, is certainly in the fact that despite the whole decade of capacity and project building in the youth NGO sector, only in last few years we can see some readiness by domestic power holders to accept the institution building process for youth sector. The major reason for this ignorance is mostly in lack of knowledge, weak capacities and lack of readiness to provide domestic funds for such activities. Without domestic institutionalization, the whole effort of domestic NGOs and international agencies will have a short-term character.

In that context we have to understand the major issues of specific youth employment area. The research shows that numerous projects have been implemented, and that the distribution of their implementation was provided across the whole country. The number of organizations that we have mapped also proves that there is a solid NGO potential that can be further involved in projects of this kind. However, it is clear that not too many of these organizations have segmented their activities towards youth employment only.

Classification shows that ways of actions differ, but that organizations rarely have capacities to follow up the whole process and ensure that the level of youth entrepreneurship in targeted areas is improved. Most of organizations are oriented towards fund-hunting that is becoming increasingly difficult, negatively stimulating NGOs to change their orientation according to funds available.

**Recommendations:**

**Creation of detailed data-bases.** This report, in accordance to resources available can give just a part of the picture in knowing who is doing what. It is important to further collect information, and systematically verify them. The assumption is that some organizations exist only on the paper, or that are presenting capacities different that they actually are. The effort should result with the list and set of information about organizations that can efficiently support the process of youth entrepreneurship development. This data-base has to include all projects that were implemented in this area.
Promotion of successful projects. It is important to distinguish good examples from the others, and give recognitions to implementers. This is the way to recognize patterns that can be repeated in different communities, as well as to avoid those actions that proved not to have a solid ground in previous attempts.

Capacity building. After getting a better picture of existing potential, proper capacities should be defined, major patterns and problems should be recognized, and according to that a "new wave" of capacity development projects should be developed. This also includes work with youth organizations that have not been previously involved in the youth employment projects, but have good administrative and other capacities.

Think-tank and advocacy potential. Investment climate is often a matter of local attitudes, so nation wide strategies cannot provide with sufficient instruments to be always efficient in every community. In that regard, local organizations can monitor aspects that influence investment climate, and react to unfair practices. However, these organizations have to be provided with institutional networks that will protect them from pressure from local power-holders.

Bridging interests of stakeholders and creating new practices. It is important to think of youth employment NGOs as instances for creating bridges between government and business community. Often, business community can be organized through civil society instruments, articulating their common needs and providing the proper voice. These coalitions in the long-run have to ensure openness and sensitivity toward young entrepreneurs, as vulnerable group.

III Service Users

The youth employment interventions are specific, since they require building of high commitment partnership between NGOs and providers of services and users of provided services. To simplify, it takes quite of trust for a young potential entrepreneur to have a trust in the project and risk the business start-up. This fear of risk is nothing specific for BiH, but this society is far behind in providing proper climate and stimulation, as well as understanding to those who try.
The question of how to provide financial resources for entrepreneurs is essential. There is a permanent lack of trust and will of potential financial institutions to risk, especially when it comes to less prominent and financially stable entrepreneurs. The road from the idea to its implementation is often perceived as long, painful, and matter of pure lack. Providing support in this direction is necessary, as well as promotion of these services and support once they are created.

Finally, there is a lack of knowledge about successful stories. Promotion of good practices is very important, since it encourages new potentials to get involved.

**Recommendations:**

**Stimulate projects that will assist in providing start-up capital.** There are no micro-credit organizations that are purely oriented towards youth entrepreneurs. NGOs can also monitor and push domestic institutions to create better conditions for youth investment, including assisting in preparation of necessary documentation, preventing corruptive practices in administration that prevents efficient start-up practices. NGOs can become the major advocates and lobbyists of youth entrepreneurs, by that taking off the burden of those who face necessary start-up market entry problems.

**Promote success stories.** There is a general perception that youth employment is impossible without political support, or partnership with other power groups. Concrete examples, that are not numerous, have to be highlighted nation wide, since that is the best way to promote the youth partnership: it is essential to create perception that IT IS POSSIBLE.

**Provide and promote life-long learning.** Young entrepreneurs can remain competitive only if they are more open to new business practices and methods. Usually, this knowledge is expensive, and provided only in large centers. Spreading this knowledge can be organized through NGO networks, with good coordination of those who provide services. Additionally, only educated new generation of businessmen can be competitive on integrative markets, and from the macro perspective, change the practice and perception of business in the country.
Annex II

The Mapping

The last part of the paper consists of the list of both organizations that have been active in the field of youth employment, as well as those that have certain similarities in focus and potential instruments to be involved in this area in the future.

Local

- Agencija za razvoj preduzeća Banja Luka/ Agency for Development of Enterprises (Banja Luka) - [www.edabl.org](http://www.edabl.org)
  Training and consulting in the area of entrepreneurship, small and medium business, socio economic policies and business environment
- Aldi- Udruženje građana za lokalne razvojne inicijative. ALDI- Association of Citizens for Local Developmental Initiatives (Goražde) [www.aldi.ba](http://www.aldi.ba)
  Providing information, business and educational services and market approach services, research and economic activities, entrepreneurship development capacity development advocacy
- Buna - hrvatska ekološka udruga, Buna- Croatian Ecological Association, Mostar, damir.brlijevic@tel.net.ba - local NGO
  Implementation of projects on development of eco-tourism and agriculture
- BIT Centar, Business Inovationa and Technology Center, Tuzla [www.bit.ba](http://www.bit.ba)
  The project gave opportunities to young experts and entrepreneurs to develop their business.
- Centar informativne pravne pomoći/ Center for Informational Legal Aid Zvornik, [www.cip-zip.org](http://www.cip-zip.org)
  Initiative for tourism development in rural areas
- DIA Novi Grad/ [diainfo@teol.net](mailto:diainfo@teol.net), RS
  Provides education in different fields, animation of youth to take part in development of their local community, promotion and strengthening of youth activism in the Municipality
- Dijakom Prijedor, [dijakom@prijedor.com](mailto:dijakom@prijedor.com)
  Social, economic and educational support to domicile population
- Duvanjke Tomislavgrad – građansko udruženje žena, Civic Association of Women, [duvanjke@tel.net.ba](mailto:duvanjke@tel.net.ba)

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4 Information has been gathered from the publication “ICVA Directory 2005”
Providing support to women through education and gathering; computer training and English language course.

- **Educa, Gradiška**, educa@spinter.net
  Education of citizens, project: World through business, school of management skills, training centre for unemployed

- **EkoNeretva Jablanica**, www.ekoneretva.cjb.net
  Development and introduction of ISO standards in small and medium enterprises, education and technical support

- **EXIT Center Banja Luka**, www.itbusiness.ba
  Promotion of entrepreneurship to youth and creation of business incubator

- **Familija, BOSFAM Tuzla**, www.bosfam.ba
  The organization is working with kids without both parents, takes care of their normal development and the process of joining society.

- **Fondacija za kreativni razvoj, Sarajevo**, fondacija.razvoj@bih.net.ba
  This NGO supports children, youth and parents. Tend to improve educational, cultural and social structures.

- **Fond otvoreno drustvo Bosne I Hercegovine/ Open Society Fund BiH**, www.soros.org.ba
  Supporting education, youth, policy capacities, education

- **Forma F, Mostar** formaf@cob.net.ba
  Implementing projects related to economic empowerment of women. Projects: women in trade unions, development of agriculture toward improvement of income level for women returnees.

- **Humanities- centar za razvoj, edukaciju i poslovanje/ Center for Development, Education and Business, Doboj**, www.humanitas.org.ba
  Activities in local development, development of agriculture, tourism, web development, etc.

- **Inicijativa 21/ Initiative 21, Tuzla**, www.inicijativa21.ba
  Youth education on organizational management, development of youth policies on the local and higher level

- **Inicijativa i civilna akcija ICVA/ Initiative and civil action, Sarajevo**, www.icva-bh.org
  To assist NGOs in better carrying their roles: cooperation and information sharing, developing policies relevant to NGO sector.

- **Izbor Plus- trening i konsalting organizacija/ Training and Consulting Organisation, Sarajevo**, www.izborplus.ba
Training, facilitation, technical assistance and consulting. Marketing planning and human resources development.

- **Korak, Kozarska Dubica** korak@teol.net
  Civil society development, through education, economic strengthening of citizens, and social programs

- **Krajina- nevladina gradjanska organizacija/ Nongovernmental Civic Organisation, Banja Luka** www.agroberza.org
  Support to new micro-business, development of small and medium companies, etc.

- **Luna, Rudo** www.luna.ba
  Youth business competition, networking of youth organizations, strong emphasize on the EU integrations.

- **MAK Most, Doboj** makmost@spinter.net
  Youth employment initiatives.

- **MI-BOSPO, mikrokreditna organizacija Tuzla/ Micro-credit Organization** www.mi-bospo.org
  Provides financial services for women entrepreneurs to develop business and to gain economic independence.

- **Nezavisni biro za razvoj/NGO Independent Office for Development (NBR), Modrica,** nprivreda@modrica.ba
  Business incubator

- **OBM Obrazovanje buducnost mladih u BiH/ Education Future of Youth in BiH** suada.hrnjic@telecom.ba
  Improvement of youth in BH society

- **Omladinska organizacija Centar Mrkonjic Grad/ Youth Organisation Center,** www.oocentar.org
  Work on creating better conditions for youth through work, youth information centre, technical support, access to information technologies.

- **Omladinski centar za kreativnost i inicijativu/ Youth Center for Creativity and Initiative, Bosanski Novi** www.novigrad.rs.sr/ocki
  Focusing on highlighting and solving problems of young people.

- **Omladinska inicijativa Nevesinja/ Youth Initiative, Nevesinje** joco982@yahoo.com
  Improving youth employment through business stimulation projects (tourism).

- **Omladinski kulturni centar Abrasevic/Youth Cultural Center Abrasevic** www.okcabrasевич.org
Offers space and support for strengthening of youth initiatives within cultural, social and political activities in Mostar and surroundings.

- **Partnerski omladinski program/ Partnership Youth Program POP**
  darko@pop.ba
  
  Active participation of youth through culture.

- **Proni centar za omladinski razvoj/Prini Center for Youth Development**
  pronibrc@teol.net
  
  Work with youth, promotion of voluntarism, youth education, etc.

- **Taldi- Udruženje građana za lokalne razvojne inicijative Tuzla/ Association of Citizens for Local Developmental Initiatives Tuzla**
  www.taldi.ba
  
  Local developmental initiatives, income generating project and small enterprises, education and consultancy.

- **Udruženje za poduzetništvo i posao LiNK/ Association for entrepreneur ship and jobs LiNK, Mostar**
  www.linkmostar.org
  
  Support to economic development in Herzegovina through services for entrepreneurs and companies in counseling, training, loans, bookkeeping, promotion, and business contacts.

- **Vizije/Visions- Udruženje za mlade/ Youth Association**
  www.visions.co.ba
  
  Resolving problems and needs of youth in three sectors- governmental, non governmental and business sector.

- **Zdravo- mikrokreditna organizacija/ Micro credit organization**
  zdravomko@blick.net
  
  Financially supports development and realization of business ideas of individuals and groups.

**International**

- **Care International - www.carebhcsm.ba**
  
  Care works to foster social justice, to provide a voice for marginalized people.
  
  Projects: Sustainable economic development programme, Balkan youth project

- **Comitato Internazionale per lo Sviluppo dei Popoli CISP/ www.cisp-ngo.org**
  
  Building infrastructure for accelerating development, support in establishing local organizations with a special focus on youth organizations, creating conditions for youth and children development in BiH.

- **Cooperative Housing Foundation/www.chfbh.org**
  
  Development programs, spurs economic development. Regional Economic Development Initiative, Market based enterprise networking, etc.

- **Cooperazione per lo Sviluppo dei Paesi Emergenti/www.cospe.it**
Support to economic development through the creation and support to small and medium enterprises, job creating activities, training, etc.

- **Delegation of the European Comission to BiH**/ delegation-bih@cec.eu.int
  Administration capacity building, economic and social development, infrastructure, youth projects, etc.

- **Fondation Konrad Adenauer**/ www.kas-sarajevo.com
  Affects political, economic and social decision making and development of political, economic and social institutions. Strong orientation toward the youth population.

- **Gropppo Volontariato Civile**/b osnia@gvc-italia.org
  Tackling the core issue of BiH society and economy. Projects: establishment of professional learning centre, etc.

- **HELP**/ www.help-ev.de
  Income generation activities and reconstruction aid.

- **Helsinki Citizen’s Assembly, Tuzla**/ www.omladina-bih.net.ba
  Working on improvement of quality of life of the youth in BiH, support to capacity building to youth organizations from smaller towns, informal education.

- **Hilfswerk Austria**/ www.hilfswerk.at
  Economic development, support to SMEs, education and training, support to local NGOs, local capacity building.

- **Houndreds of Original Projects for Employment HOPE87**/hope87@bih.net.ba
  Medical and psycho-social rehabilitation and integration for mine victims and youth in Sarajevo

- **Independent Bureau for Humanitarian Issues**/ www.ibhi.bih.org
  Strengthening and capacity building of institutions within the governmental and non-governmental sector.

- **Intersos**/ www.intersos.org
  Youth development and institutional building at state and local levels, capacity building, strengthening of youth NGOs and associations, youth entrepreneurship.

- **Movimento por la Paz, el Desarme y la Liberted MPDL**/ mpdleg@inecco.net
  Vocational trainings, individual productive aids, rural development.

- **Swiss Agency for Development and Cooperation/ State Secretariat for Economic Affairs**/ www.sdc-seco.ba
  Three domains of activities: Private Sector Development, Governance and Basic Services, and Social domain.

- **World Bank**/ www.worldbank.ba.org
  Assisting reconstruction, development and other key reforms in the country.
CONCLUSIONS OF WORKING GROUPS
ON THE CONFERENCE:

"Presentation of the Study on youth employment in Bosnia and Herzegovina”

Business centre Unitic
Sarajevo, 14th December 2006.
• **CONCLUSIONS OF THE FIRST ROUND TABLE – YOUNG PEOPLE AND EDUCATION:**

  - In all local communities undertake analysis of available labor force and its profile.
  - Create data base about skills and profile of people that are educated abroad.
  - Curriculum reform that will allow for increased percentage of practical education within the education process.
  - Introduction of entrepreneurship into educational curriculum of vocational training centers.
  - Create advisory and guidance program for youth enrolment and selection of profession.
  - Create program of youth retraining and program that will recognize informal education.
• **CONCLUSIONS OF THE SECOND ROUND TABLE - NGO AND ROLE OF NGO IN PROCESS OF YOUTH EMPLOYMENT:**

- To set up institutional cooperation between NGO and all levels of authorities and set up youth employment as priority in research of public interest.

- To set up a network of NGOs who have programme for youth employment.

- Adoption of law of volunteerism with the aim to acknowledge informal education or complementary education, as part of entirely learning, as well as regulation of internship or intern status.

- Finance support to NGOs which are going to be specialized for educating youth employment.

- Intermediation in employment between employer and young people (fairs, providing information, etc.).

- Drafting concrete policies for youth employment on all levels in partnership with authorities.

- Recommendations to authorities/all levels of authorities to apply simulative measures towards economic subjects which give employment to young people (lobbying).
• CONCLUSIONS OF THE THIRD ROUND TABLE - YOUNG PEOPLE AND ENTERPRENEURSHIP

☐ Education (impose education about youth employment in high schools).

☐ Local authorities – through local development agencies – to offer relieves thought local development agencies, investment founds, credit – grant founds which would finance business planes.

☐ Tax relieves for at least 12 months.

☐ Import entrepreneurship in education like obligatory or facultative subject.

☐ Financial help and support to business that have been already established.

☐ Creating unique data base and institution which would follow the requirements for establishing private businesses with the purpose of registering problems and procedures of solving those problems.

☐ State level should adjust private business sector with European standards and let the municipalities to continue being in charge for small business.

☐ Turn Entrepreneurship in to an option for youth.

☐ Create and ensure system of monitoring and support for start-up businesses and recipients of support funds.

☐ Introduction of voluntary internship period in to institutions as an obligation

☐ Adjust and harmonize legislative conditions related to registration and start-up of private business
• CONCLUSIONS OF THE FOURTH ROUND TABLE - YOUTH AND LABOUR MARKET:

□ Suggest introduction of youth officers in employment biros

□ State obligation to create youth employment plan

□ To harmonize taxation rates in of employers within the state RS 52%, Brčko District 44%, FBiH 68%, WB recommendation is 50%.

□ Create coordinating body for the implementation of the idea of omission of internship and its transformation in to education system and for coordination of all activities related to the youth employment.
The Study is finalized in the framework of the Programme “Improving the Conditions of Children and Youth in Bosnia and Herzegovina” financed by the Italian Cooperation and implemented by the Consortium of five Italian NGOs: