

**RESEARCH ON THE POSITION OF YOUNG PEOPLE IN THE
LABOR MARKET**

**YOUTH UNEMPLOYMENT:
THE EU AND B&H SHARE THE PROBLEM, BUT
CAN THEY ALSO SHARE SOLUTIONS?**

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LIST OF ABBREVIATIONS AND ACRONYMS

LFS	Labor Force Survey
GDP	Gross Domestic Product
B&H	Bosnia and Herzegovina
BIP	Business Innovation Programs
CCI	Centers for Civil Initiatives
CISO	Centers for information, advising and training
EU	European Union
FB&H	Federation of Bosnia and Herzegovina
FZZZ	Federal Employment Bureau
GEM	Global Entrepreneurship Monitor
GIZ	Gesellschaft für Internationale Zusammenarbeit (German Agency for International Development)
INED	French Institute for Demographic Studies
ILO	International Labor Organization
KV	Skilled workforce
MDGF	Millennium Development Goals Achievement Fund
NKV	Unskilled workforce
NAV	Nye arbeids- og velferdsetaten (Norwegian Labor and Welfare Administration)
NVO	nongovernmental organization
OECD	Organization for Economic Co-operation and Development
OIA	Youth Informative Agency
PISA	Programme for International Student Assessment
PKV	Semi-skilled workforce (primary school education)
RS	Republic of Srpska
SSS	Workforce with secondary school education
UNDP	United Nations Development programme
UNICEF	United Nations International Children's Emergency Fund
VKV	Highly-skilled workforce
VSS	Workforce with university degree
VŠS	Workforce with non-university college degree
YEP	Youth Employment Project
YERP	Youth Employability and Retention Programme
ZZZRS	Employment Bureau of the Republic of Srpska

SUMMARY

The economic recession in recent years has had a devastating impact on young people in Bosnia and Herzegovina, with youth unemployment increasing two to three times more than the overall unemployment rate.

Labor statistics clearly point to three key problems as regards youth unemployment:

- **Skyrocketing youth unemployment** (currently over 60% – the highest rate in Europe);
- **Increased youth inactivity** (more than 50% are economically inactive, meaning they are unemployed and not seeking a job);
- **Rising long-term unemployment among youth** (more than 50% of those seeking jobs for over one year have not found one).

Considering worrying demographic trends –B&H has 320,000 fewer young people than before 1991 – it is clear why **the situation can be considered a crisis.**

Comparative data indicate that European Union member countries are also facing the problem of significantly high youth unemployment, which has jumped from 15% to 23.5% in only four years. **Almost 7.5 million young people living within the European Union are currently economically inactive or unemployed**, with the majority living in southern countries including Greece, Spain, Italy, and Portugal, but also in Slovakia, Ireland, Lithuania and Sweden, where the youth unemployment rate also exceeds the EU average. The problems of youth inactivity, premature abandonment of education, and long-term unemployment among youth are, of course, interlinked.

A major *Eurofound* study of 21 EU member states found that each year, countries are losing between **0.8% and 1.2% of GDP – over 100 billion euros – in costs related to youth unemployment and absence from education and training programs.** Although Bosnia and Herzegovina was not included in this analysis, rough estimates based on comparisons with EU member states suffering similar labor market problems (such as Spain), suggest that **B&H loses around 1% of its GDP – or 250,000,000 BAM – each year due to youth unemployment and inactivity.**

Recognizing the importance of young people in bringing forth new ideas and advancing every society, EU leaders convened at the June 2013 meeting of the Council of Europe and adopted a comprehensive plan for combating the problem of youth unemployment. Several existing initiatives were expanded and new programs launched to help integrate youth into the labor market and encourage their employment. One such initiative is the “Youth Guarantee” program, which aims to offer a job, further education, or training in a new practical skill or handicraft to young people living in the EU who do not find employment

within four months of completing their formal education.

The basic principles of the new EU youth employment policy can surely pave the way toward future interventions in Bosnia and Herzegovina's labor market as well. Bosnia and Herzegovina has suffered the consequences of misled youth policies for much longer and to much greater extent than most EU countries, however – a situation that demands **urgent action and structural changes**. European policy recommendations should emphasize a more active role by public employment services (dedicate more attention to mediation, informing and advising), strengthened partnerships between key actors in the labor market (especially schools, faculties, public employment services and the business community) and greater involvement of youth in the creation of solutions.

This report offers concrete recommendations for measures that can be applied in the labor market to mitigate youth unemployment. A more permanent solution to the problem will require major **economic and education policy reforms**, however.

Economic policy measures directly influence the demand for labor. In addition to activities aimed at creating a more favorable business environment, it is important to **provide greater support for youth entrepreneurship**. A series of benefits to support this are proposed in this report.

Education policy is also extremely important for the systematic stimulation of the labor market and job creation. Vocational and higher education policies are of special interest of course, but here we wish to specifically address **the role of primary education in the creation of future positions of youth in the labor market**. An analysis of the data gathered for this research demonstrates a strong correlation between the knowledge of pupils who completed primary education (PISA test) and the youth unemployment rate in most EU countries. The conclusion is that, for Bosnia and Herzegovina, the reform of education and development of functional knowledge among youth, combined with improved economic policy measures, is the only way toward a long-term improvement of their position in the labor market.

1. INTRODUCTION

The number of young people in B&H has constantly been in decline in recent decades. It is estimated that there are currently 320,000 fewer young individuals in the country than in 1991, when according to the census there were 1,091,775 persons aged 15 to 30. Undoubtedly, such a loss of human capital is devastating for any country given that young people – especially those who are about to complete their education and seek initial employment – represent a segment of the population that is extremely valuable to the society as a whole. They bring the new knowledge, ideas and energy needed by their communities, economies, and societies to move forward. Many economically advanced countries have therefore invested significant amounts of money to ensure that young people have access to the best education and employment opportunities possible.

In Bosnia and Herzegovina, young people make up less than 13% of registered employees, and their official unemployment rate is a staggering 63.10%²– the highest unemployment rate in Europe. Nevertheless, decision-makers and policy-makers in Bosnia and Herzegovina have yet to devote serious and systematic approaches to tackling this problem. The lack of concrete policy measures is reflected by the amount of the budget allocated to employment policies over the past few years – from between 1.5% and 1.8% of total budget expenses – a miserable amount in light of the magnitude of the problem.³

Government inaction has led many young people to assume that the only solution lies beyond B&H borders. They see no future prospects in a country that has ignored their problems for years. High unemployment, low living standards, and the absence of positive signals from the labor market are the most common reasons cited by young people as to why they wish to leave Bosnia and Herzegovina forever. At the same time, misguided wage-setting and employment policies in the public sector and education reform delays have led many, young people to continue deceiving themselves that an ideal job is “waiting” for them after college – namely a job in the public sector. Following graduation, many young people must suddenly face up to the reality of the catastrophic situation in B&H’s labor market and begin to lose interest in building their future in the country.

²Data from the Labor Force Survey for 2012

³Research: “Do we provide enough assistance to young people who wish to start their own business?” Center for Research and Studies GEA, 2012

An analysis by the Youth Informative Agency (OIA) has confirmed that a growing number of young people wish to leave B&H. From 2006 to 2012, at least 150,000 young people left B&H to find employment in western European countries, North America and Australia. Research conducted by UNDP also found that the number of young people wishing to leave B&H is increasing. Roughly 62% of survey participants aged between 15 to 30 claimed in 2000 that they intended to leave B&H forever. By 2003, that number had increased to 77%, In 2012, a full 81% stated that they wished to leave B&H for a long period or for good.”⁴

Youth unemployment is far too complex problem for Bosnia and Herzegovina to be able to solve via a single project or a series of initiatives. There is no magic model that can be copied from one country to another, but there are certain principles and approaches that can serve as useful guidelines when tackling the problem.

The EU has been facing the problem of increasing youth unemployment over the past few years amid the global economic crisis. Youth unemployment has reached nearly 25% in the EU –twice the general unemployment rate. One of the most initiatives launched to address the problem is the Youth Guarantee program, scheduled to come into force in 2014 and which represents one alternative for battling youth unemployment over the next five years.

The primary concern of this research is whether initiatives and solutions implemented by the European Union can serve as good examples for the creation of youth employment policies in Bosnia and Herzegovina. Research undertaken in August and December of 2013 compared the position of youth in the B&H and EU labor markets, identified common characteristics and general principles, and and offered recommendations for Bosnia and Herzegovina.

⁴www.oiabih.info

2. YOUTH UNEMPLOYMENT IN B&H

Youth definition

Youth is most commonly defined as a transitional period between childhood and adulthood. Statistically, the lower threshold for the period of youth is age 15, while the upper threshold varies from 24 to anywhere from 29 to 34 – recognized as “extended youth”⁵ and characterized by increases in the duration of institutional education, difficult and inadequate employment, delayed achievement of socio-economic independence and starting a family, and reduced inclusion of young people in social decision-making.

Although the United Nations defines young persons as being aged 15 to 24, national definitions of youth can vary significantly. If we take into consideration difficult conditions for achieving social maturity, that youth threshold moves upwards in the countries of the Western Balkans:

- Montenegro: 15 – 29 years of age
- Croatia: 15 – 30 years of age⁶
- Macedonia: 15 – 30 years of age
- Serbia: 15 – 30 years of age⁷

The Law on Youth of the Federation of Bosnia and Herzegovina (*Official Gazette 36/10*) and the Law on the Organization of Youth of the Republic of Srpska (*Official Gazette of RS 98/04, 119/08, 1/12*) define young people as **persons aged 15 to 30**. In other words, the definition of youth is the same for all of Bosnia and Herzegovina, which is highly important for consistent statistical monitoring and data processing, as well as the creation of policies and active employment initiatives at the labor market.

⁵Ule, M. (1988): *Mladina in ideologija*. Ljubljana: Delavskaenotnost.

⁶National Youth Program 2009-2013

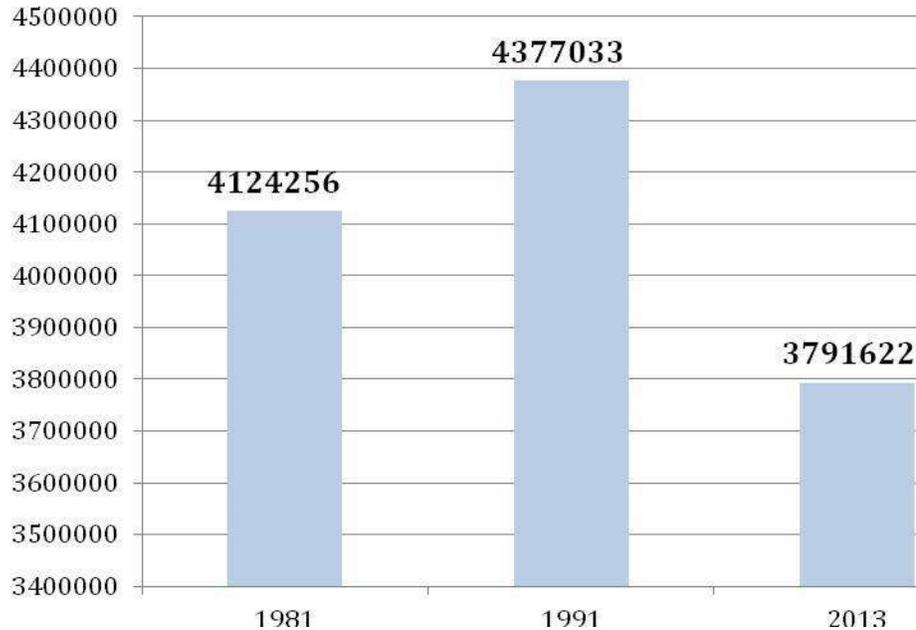
⁷National Youth Strategy of RS („Official Gazette of RS“ 55/2008)

Basic demographic data for B&H

For the past 22 years – since the last census – Bosnia and Herzegovina has had no relevant statistical data regarding demographic changes or the number, structure, economic or educational status, or other aspects of its citizens.

According to the preliminary results of the recently implemented census, **3,791,622 residents** live in Bosnia and Herzegovina – 2,371,603 in the Federation of Bosnia and 1,326,991 in the Republic of Srpska, and 93,028 in Brcko District. According to the two previous censuses in 1981 and 1991, the population has significantly decreased, as portrayed below.

Graph 1: Population of Bosnia and Herzegovina

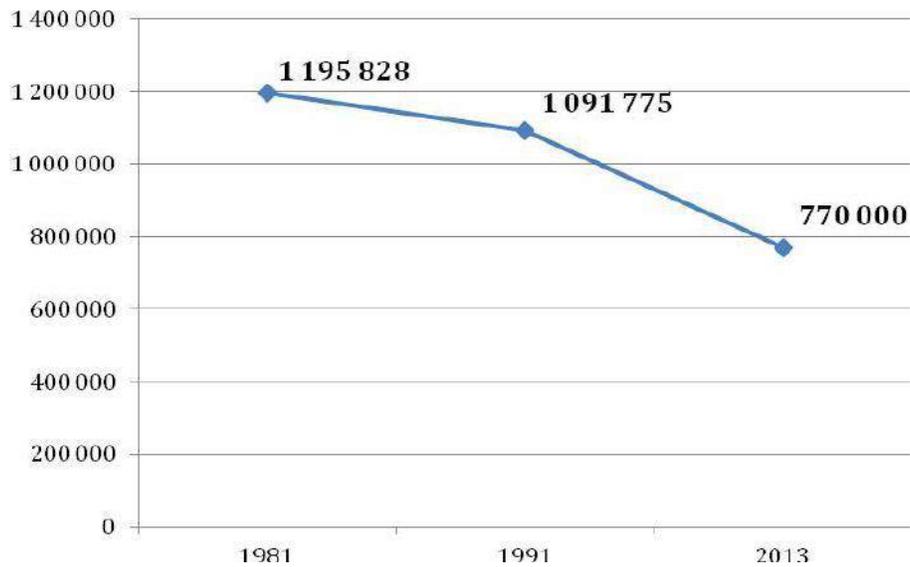


Source: Agency for Statistics of Bosnia and Herzegovina

This population decrease has been followed by a significant decrease in the numbers of young people. Preliminary results have not yielded exact figures, but it is estimated that less than 800,000 persons aged 15 to 30 now live in Bosnia and Herzegovina – around 770,000 which is 321,775 less than in 1991, when the number was 1,091,775.⁸

⁸ www.mladi.gov.ba taken on November 6th, 2013

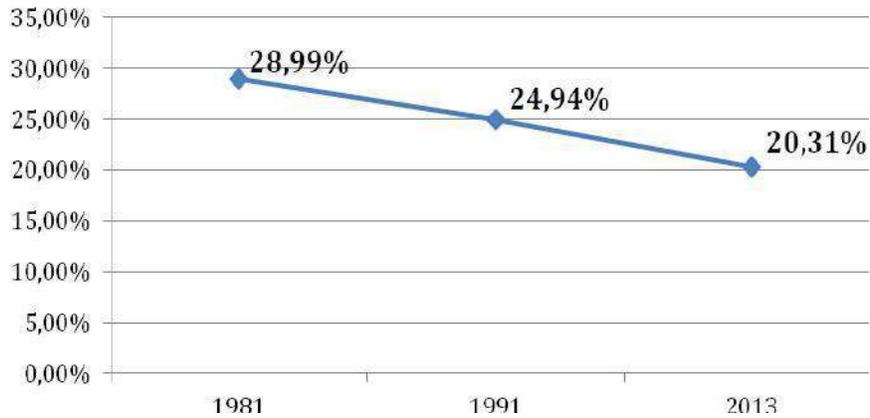
Graph 2: The number of young people (aged 15 to 30) in Bosnia and Herzegovina



Source: Agency for Statistics of Bosnia and Herzegovina

Compounding this worrying situation is the fact that the share of young people in the total population decreased as well.

Graph 3: Share of youth in the total population of Bosnia and Herzegovina



1981 data shows that in that year young people made up almost 30% of the population, while today only one in every five residents in Bosnia and Herzegovina is aged 15 to 30. If we also analyze projections on the continuation of this downward trend into 2015,⁹ then it is absolutely clear why urgent action must be taken without delay.

The demographic study “Population of the World” estimated that by 2050 B&H will have a population of less than 3.3 million. Currently, B&H’s birth rate is 1.2 babies per woman, while in Croatia and Slovenia that number is 1.5 and in Serbia, 1.4. The EU average is 1.6 babies per woman. The French Institute of Demographic Studies (INED) has listed B&H among the extreme cases in terms of its low birth rate. The number of newborns is less than the number of deceased. This demographic trend is called the “aging of the population” – a decrease in the share of younger population groups in relation to older groups among the total population.

The position of youth in the B&H labor market

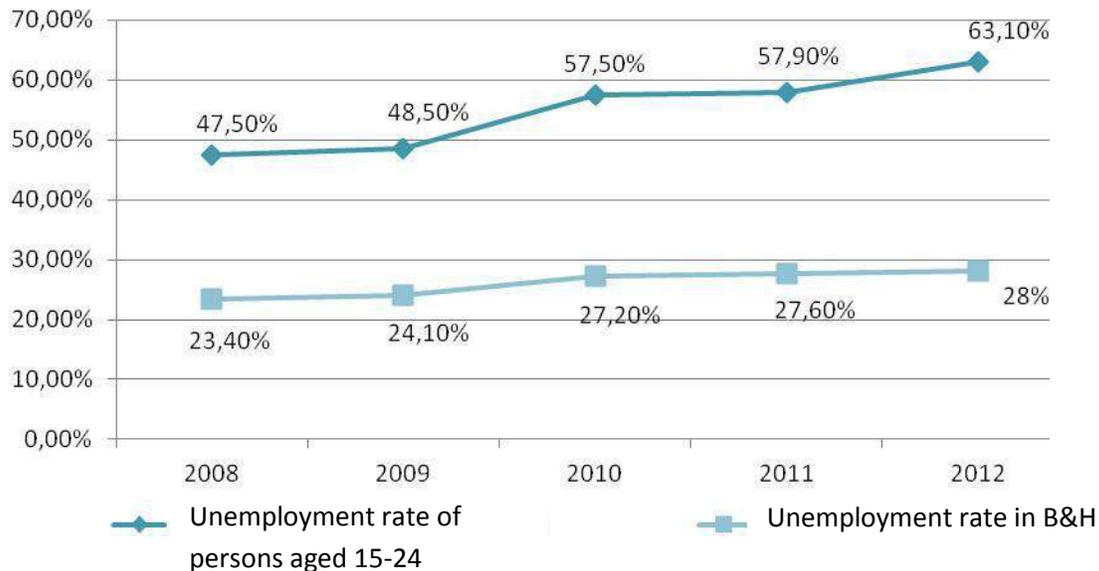
The B&H labor market has been in a complex state of crisis for many years. Recession and the global economic crash have additionally weakened the country’s economy and made the already difficult socio-economic situation even worse, which has led to a significant deterioration of the labor market. During the past three years, all labor market indicators have been negative – increasing unemployment, decreasing employment, and a huge percentage of the population inactive. This has been confirmed by official data, the registers of employment services, and data from the labor force survey, which is often considered the most reliable portrayal of the situation in the labor market.

Most worrying, however, is the disproportionately large share of young people among the total number of unemployed. **The unemployment rate is highest among young persons aged 15 to 24, amounting to a staggering 63.10% in 2012!**

Youth unemployment has undoubtedly been the biggest problem in Bosnia & Herzegovina for the last several years, as evidenced by the data on the graph below.

⁹ Youth Labor Markets in Bosnia and Herzegovina, Niall O’Higgins, International Labor Office, Employment Programme, Subregional Office for Central and Eastern Europe, Budapest: ILO, 2009

Graph 4: Youth unemployment in relation to general unemployment



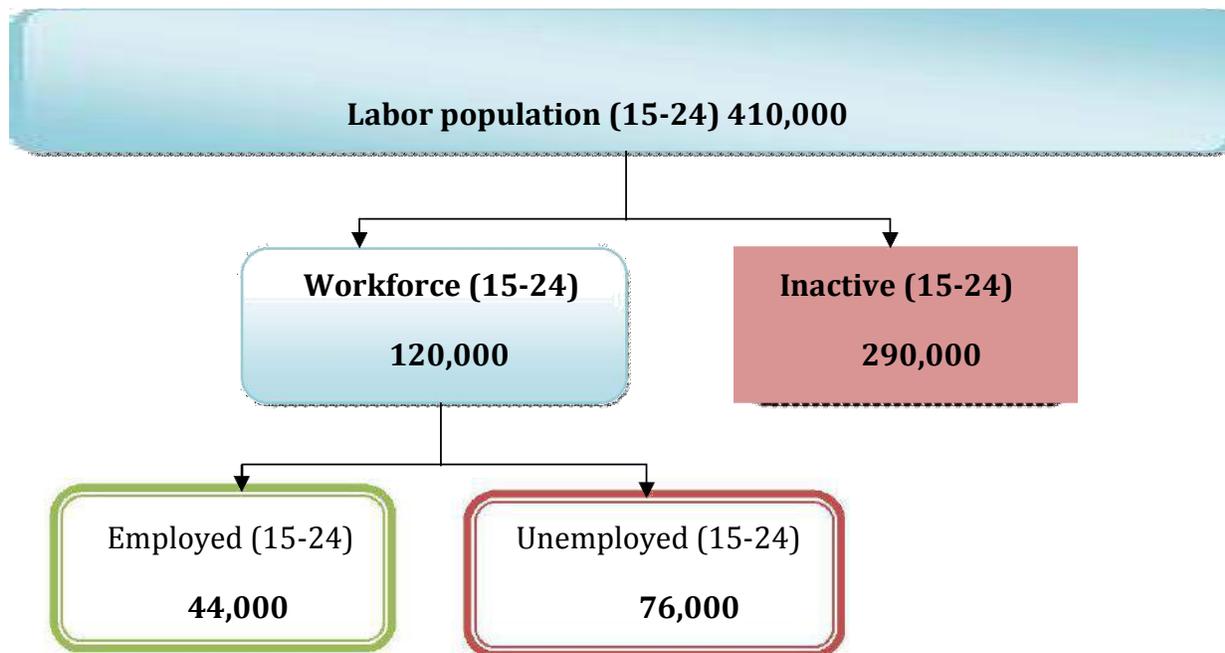
Source: Labor Force Survey of Bosnia and Herzegovina, 2008-2012

The weak labor market has negatively impacted young people the most. The number of employed young persons (aged 15-24) dropped significantly in 2012 to 44,000, for example, comparison with 53,000 in 2011. Furthermore, the overall number of unemployed persons rose by 3,000 in 2012 when compared with 2011, while the number of inactive persons increased by a staggering 13,000. This negative trend has continued for several years now.

Data from the Agency for Statistics of B&H for 2012¹⁰ is more detailed about the participation of the population aged 15 to 24 in the country's labor market. According to this data, of the 410,000 persons aged 15 to 24 in Bosnia and Herzegovina in 2012 who were able to work, only 120,000 of them were economically active, i.e. they either had a job or were unemployed and actively looking for employment. This means that there were 290,000 inactive young persons who were either discouraged from looking for employment or did not wish to work – a true cause for alarm and urgent action. The high rate of inactivity among young people aged 15 to 24 has resulted in an extremely low employment rate (just 10.3%). Initiatives are needed that not only create more jobs but also help in motivating inactive young people.

¹⁰Agency for Statistics of B&H, thematic newsletter no. 10, Labor Force Survey for 2012

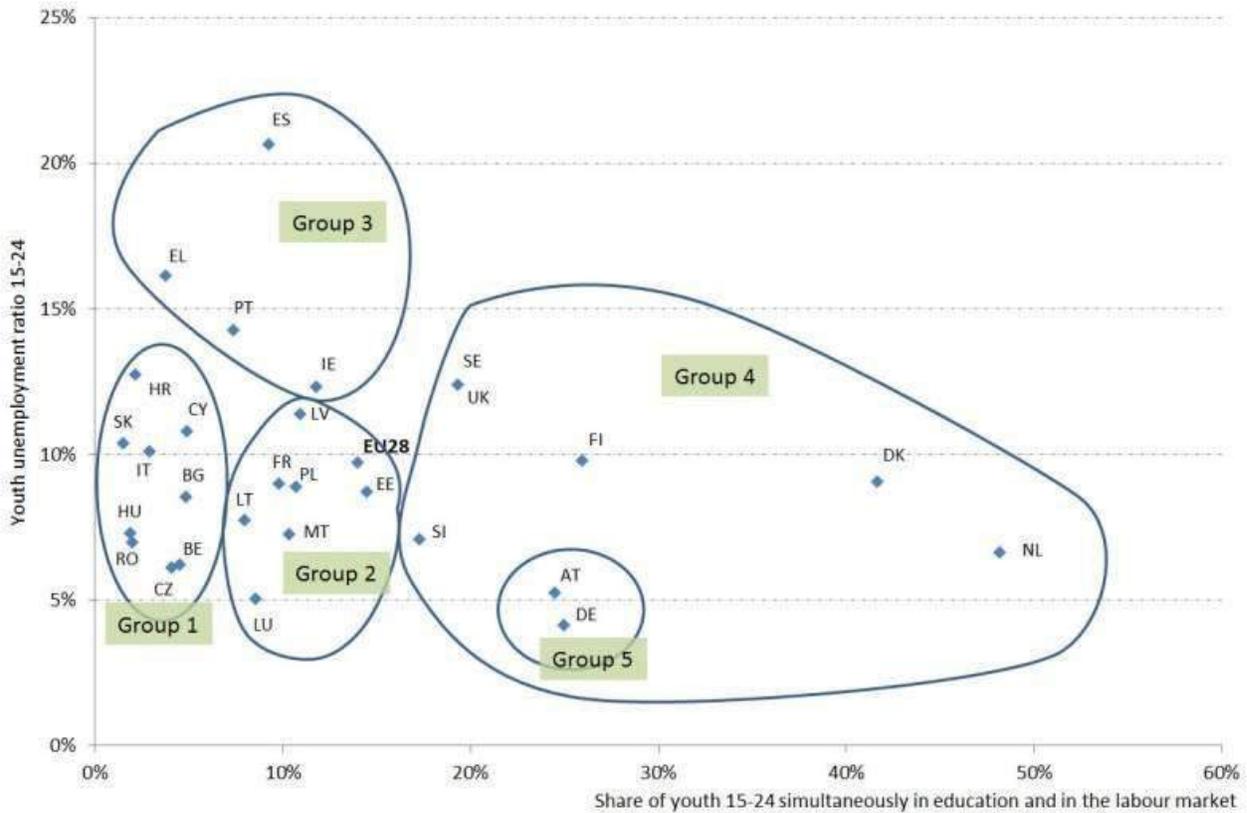
Graph 5: The structure of labor population aged 15-24 in 2012¹¹



This data illustrates two serious problems among people aged 15 to 24 in Bosnia & Herzegovina –**huge unemployment and major inactivity**. It must be noted that, according to the ILO methodology used for this labor force survey, the ‘inactive’ category also includes young people in education who do not have or are not seeking employment. Statistics reveal that in B&H in the academic year 2012/2013, there were 166,000 secondary school students and 116,000 college students, or 282,000 young persons aged 15 or above in school. This data points to the extremely low activity of young people who are in college when compared with many other European countries. Few young people work or attempt to find a job during their studies in B&H. This difference can be seen in Graph 6, which shows the percentage of young people who both work and study in EU countries. For example Croatia – which has a similar labor market structure to B&H – is characterized by an extremely low rate of economic activity among youth in school. Croatia also ranks among countries those countries in Europe characterized by both high youth unemployment rate and low economic activity among youth, unlike countries including Austria, Finland, Germany, Denmark and the Netherlands, where between 20% (in Denmark) and over 40% (in the Netherlands) of young people both work and study.

¹¹No data for the 24-29 age group is available. The Agency for Statistics of B&H only gives an overview for persons aged 25-49.

Graph 6: Percentage of young people (15-24) who are both employed and in school (EU countries)



Source: EUROSTAT

There are multiple reasons for B&H's high percentage of inactive young people, especially among college students. Although basic causes lie in an underdeveloped economy and slim chances for employment, it is also customary for parents to support their children throughout their studies.

If we include data on employed and unemployed persons in the Republic of Srpska (where youth is defined as persons aged 15 to 29) and the Federation of B&H (15 to 24) in greater detail, we notice that the situation is practically identical in both entities. It should be noted that the official registry of public employment services does not define young people in school as being unemployed even though they are, *de facto*, economically inactive.

The Republic of Srpska

The monthly bulletin of the Republic of Srpska's Institute for Statistics provides data on unemployed young people according to age. In December 2009, there were 42,985 young unemployed persons. By December 2012, this number increased by 3,106 persons.

Among the total number of registered unemployed young persons in the workforce registry of the RS, there are 16,837 persons with KV qualification (skilled), or 36.5% and 15,359 persons with SSS (secondary school education), or 33.3%. In the registry of the unemployed, persons with VKV qualification (highly-skilled) make up only 0.08% of the total number. In December 2012, unemployed young persons with VKV qualification were the smallest group among the unemployed (only 36), while the largest group were unemployed young persons with KV and SSS qualifications (3- and 4-year degrees)– 32,196 persons, or 69.85%. Unemployed youth with VSS qualification (university degrees) made up 16.27% of the total number. **A full 5,547, or 12% of all registered unemployed persons, were completely unqualified.**

An analysis of data on the duration of waiting times for the unemployed to find work shows that **58.5% of young people have been looking for a job for over a year**, and that every ninth young person has been on the registry of the Employment Bureau for over 3 years.

Table 7. – Information on youth unemployment (15-29) in the republic of Srpska

Waiting times in the registry of ZZZRS according to qualifications on December 31, 2012								
Number of months	Educational structure							Total
	NK	NSS	KV	SSS	VKV	VŠS	VSS	
0 to 6	1,094	48	4,131	4,641	11	101	3,027	13,053
6 to 9	293	15	1,007	1,122	3	25	660	3,125
9 to 12	357	17	986	959	4	27	613	2,963
12 to 18	575	29	1,896	2,168	3	59	1,530	6,260
18 to 24	409	23	1,177	1,164	2	60	524	3,359
24 to 36	749	46	2,154	1,991	6	71	725	5,742
36 to 60	1,038	68	2,816	2,025	2	91	376	6,416
60 to 84	570	48	1,394	817	1	26	33	2,889
84 to 108	317	32	855	371	3	7	11	1,596
over 108	145	16	421	101	1	2	1	687

Source: Institute for Statistics of the Republic of Srpska

Federation of B&H

The situation of youth unemployment is similar in the Federation of B&H. According to the registry of the Federal Employment Bureau, in December 2012 there were 131,110 unemployed young persons (15-29). The monthly bulletin issued by the Federal Employment Bureau provides data on young persons according to their age, gender and education, but not according to the duration of time they spend waiting for employment.

The biggest group in the total number of unemployed young persons aged 15-29 registered by the FZZZ are persons with KV (3-year secondary school education) – a total of 51,525 or 39.29% of the unemployed youth population. They are followed by persons with SSS, which totals 46,789 persons or 35.68%, of whom 52.95% are women. The smallest group of unemployed young persons are those with VKV (only 40), while the largest group are those with KV and SSS (3-year and 4-year secondary education), or 75%.

Table 8. – Information on youth unemployment (15-29) in the Federation of B&H

Age		Total	Vocational education degree in FB&H- December 2012 ¹²							
			VSS	VŠS	SSS	NSS	VKV	KV	PKV	NKV
15-19	Total	13,249	0	0	3,309	7	2	7,337	47	2,547
	Male	7,263	0	0	1,698	5	0	4,667	27	866
	Female	5,986	0	0	1,611	2	2	2,670	20	1,681
20-24	Total	56,335	3,765	408	24,749	30	14	21,890	191	5,288
	Male	28,999	1,069	142	12,346	19	9	13,186	105	2,123
	Female	27,336	2,696	266	12,403	11	5	8,704	86	3,165
25-29	Total	61,526	10,502	1,424	18,728	8	24	22,298	274	8,268
	Male	27,599	3,268	454	7,965	5	15	12,146	158	3,588
	Female	33,927	7,234	970	10,763	3	9	10,152	116	4,680
TOTAL	Total	131,110	14,267	1,832	46,786	45	40	51,525	512	16,103
	Male	63,861	4,337	596	22,009	29	24	29,999	290	6,577
	Female	67,249	9,930	1,236	24,777	16	16	21,526	222	9,526

Source: Federal Employment Bureau

In December 2012, there were 46,091 unemployed young persons in the RS, while in FB&H there were 131,110 –2.8 times more. In both entities, the largest group of unemployed young persons were those with KV, followed by those with SSS. The smallest group had VKV.

¹²Bulletin of the Federal Employment Bureau Sarajevo, no. 12/12, January 2013 www.fzzz.ba (accessed on: 14/10/2013)

The total unemployment rate for young people aged 15 to 29 in both entities was 56.8% in December 2012, or 177,201 (excluding Brcko District). In the space of several years, **there was a significant jump in the number of unemployed persons with VSS (university degrees)**, with young people making up a significant portion of that group. The rate went from roughly 18,000 unemployed persons in 2010 to over 36,000 persons with VSS in October 2013, as registered by both bureaus.

Therefore, regardless of whether we use data on unemployment based on the laborforce survey or on registered unemployment, the statistics clearly point to several key problems related to the position of young people in the labor market:

- the large number of the unemployed, especially between the ages of 15 and 24;
- the high percentage of young persons who have been seeking employment for over one year (over 58% in the republic of Srpska);
- the large number of unqualified young people (over 5,000 in the RS alone) registered in the public employment bureaus;
- the significant growth of the number of unemployed with VSS, and the expected continuation of that trend; and
- the alarming number of inactive young persons – a number that has been increasing every year.

One of the flaws of many analyses of youth unemployment is that they are most often based only on statistical data and official registers. What is often disregarded is the opinions of young persons themselves – surveys of their attitudes. One study that attempted to learn from youth attitudes is the quantitative research study “**Voices of Youth**”¹³– implemented by the UN in B&H in 2011 and 2012 with a sample of 2,360 young persons aged 15-30 – and comparing the results with similar research done by the GTZ in 2008. The study gathered information on youth attitudes about education, employment opportunities, employment waiting times after completing education, starting a family, conducting voluntary work, activity/inactivity in the labor market, readiness to leave B&H, etc.

A full **74% of young people surveyed stated unemployment as the main problem**, while 19% declared that the society has little concern for the social problems of youth. The sad fact is that **79% of the participants claimed that the education they had obtained or were obtaining would not enable them to secure employment at all, or would only assist them to a small extent.**

¹³ http://www.unicef.org/bih/ba/media_20380.html (accessed on 14/10/2013)

Some 52% of research participants did not receive any kind of vocational education suited to the needs of the labor market. Only 35% of the survey participants were seeking employment, while **62% of participants belonging to this age group claimed they were discouraged and were not looking for employment**, which corresponded to official data. The number of months spent seeking employment after school was most often 16 months. By comparison, the average period of unemployment in 2008 was 36 months, while it decreased in 2011-12 to 26 months. Some 58% of young people were registered in public employment bureaus in 2011-12, Only 8% of them were users of governmental programs for employment. Around 42% of the participants declared they were ready to go abroad for a longer period, or for good. Some 43% of young people thought that their living standard would be worse or the same in future and confirmed that the young could not support state policies that should have contributed to solving their basic problems.

Only 50% of all employees work in their chosen vocation. This is also extremely negative information, because being unable to work in a chosen vocation can contribute to disappointment and discouragement and prompt the unemployed to find jobs in their vocation in another country.

This raises the question as to whether the education system is attuned to labor market needs. In 2012-2013, 166,662 students enrolled in 309 secondary schools in B&H.¹⁴ As many as 52% of them enrolled in technology schools, despite the fact that this group dominates the unemployed. Only 25% enrolled in gymnasiums that would enable them to enroll in colleges and place them in more competitive positions for employment. A pattern can be detected in B&H education of offering school courses according to the availability of faculty rather than the needs of the labor market.¹⁵ Only the Republic of Srpska has a special board tasked with education enrollment policy, yet still lacks direct cooperation with employers and economic development forecasts to help predict long-term labor market needs. Nevertheless, unemployment statistics can at least suggest trends that might inform study courses in secondary schools and higher education institutions.

¹⁴ Agency for Statistics of B&H, Education statistics 6/12/2013.

¹⁵ OIA: Possibilities and importance of the employment of young people and development of youth entrepreneurship in B&H, 2006. Multiple surveys on the link between the labor market and education.

The quality of the education system offered in B&H is also important as regards employment. A series of reports by the World Bank has confirmed the link between skills gained in education and youth employment levels. Bosnia and Herzegovina is plagued by a rudimentary system of education ill suited to prepare students for work in the “new economy” (information and data analysis, creative thinking, communication and other interpersonal skills, etc.).¹⁶

3. HOW DO LABOR MARKET INSTITUTIONS IN B&H HELP YOUNG PEOPLE?

In line with current laws in Bosnia and Herzegovina, the key institutions dealing with labor market and employment policies are the Federal Employment Bureau and cantonal employment services in the Federation of B&H, the Employment Bureau of the Republic of Srpska and the Employment Bureau of Brcko District B&H.

The most important initiatives and programs implemented by these institutions that are aimed at improving the position of young people in the labor market are as follows.

Initiatives supporting youth employment in the FB&H¹⁷

PROGRAM/INITIATIVE NAME	DESCRIPTION AND ACHIEVED RESULTS
<i>Program co-financing the employment of persons without work experience</i>	The program enables employment (acquiring work experience) for 875 young unemployed persons with 404 employers. The total value of this multiyear program is 4,782,250 BAM, out of which employers received 871,250 BAM in 2012.
<i>Program co-financing the employment of young persons without work experience “400+”</i>	<p>The program is aimed at enabling first employment for persons below 30 who have completed secondary school (III and IV degrees), non-university college degrees and university degrees, without work experience, who are registered in the registry of unemployed persons in the Federation of B&H. The program, realized by cantonal employment services, provides co-financing for the employment of:</p> <ul style="list-style-type: none"> - persons with a secondary school degree (III and IV) over a six-month period in a net amount of 402 BAM monthly - persons having VŠS and VSS over a 12-month period in the net amount of 563 BAM monthly. <p>As the result of this program, 323 persons aged 24 on average were employed who had previously spent 2.5 years in the registry of unemployed</p>

	persons.
<i>“Chance for all” program</i>	<p>Objective: This program is aimed at strengthening the competitiveness of unemployed persons on the labor market, preventing long-term unemployment and creating opportunities for gaining first work experience as well as encouraging the employment of other categories of unemployed persons finding it difficult to secure work.</p> <p>Incentive amount: Ranges from 1,920 BAM for unqualified workers to 3,150 BAM for workers with university and non-university college degrees, with an additional 5% or 10% increase for special categories, according to a criterion of social vulnerability.</p> <p>Available funds: For the realization of this program a grant of 4,617,806.80 BAM has been approved for the employment of 1,647 persons with 366 employers. By the end of 2012, a total of 548,094 BAM was paid.¹⁸</p>
<i>Program of strengthening competitiveness on the labor market – “The first work experience”</i>	<p>Program duration: 2012-2013</p> <p>Objective: Vocational training and first work experience. Target group: 1,000 unemployed young persons (500 with III and IV degrees and 500 with VI and VII degrees of vocational education).</p> <p>Available funds: 4,554,000 BAM was secured for the realization of this program.</p>
<i>Program of co-financing youth self-employment “Youth Entrepreneurship”</i>	<p>Program duration: 2012-2015</p> <p>Objective: The program provides financial support for starting personal enterprises (co-financing the costs of registration, obtaining work tools, input materials, and necessary equipment, and a portion of social contributions and taxes defined by law)</p> <p>Incentive amount: 7,000 BAM per person</p> <p>Target group are young persons not older than 35</p>

¹⁶ *Youth Unemployment in Bosnia and Herzegovina, current situation, challenges and recommendations* (Nezaposlenost mladih u Bosni i Hercegovini, trenutna situacija, izazovi i preporuke), Erol Mujanovic, Friedrich Ebert Foundation, 2013.

¹⁷ FZZZ work program for 2013.

¹⁸ Annual work report for 2012, FZZZ (Table 7), available at www.fzzz.ba

who will register and maintain their business for at least 12 months once their business idea has been approved. Out of 145 approved requests by applicants with the best business ideas, by the end of 2012, 132 business ideas were realized. For their realization a total of 462,000 BAM was paid, which was about 45% of total available funds.

Youth Employability and retention project (YERP), supported by UNDP MDGF

Period: 2012- June 2013
 The objective of this program is to increase the capacity of the education system and local communities for the improvement of youth employment and to strengthen the work of employment services.

Target group: Young people aged 15-30

- Nine centers for information, advising and training (CISO) in the Federation of B&H provide service to young unemployed persons no older than 30
- 5,074 persons attended the information seminar,
- 3,034 persons attended workshops on writing CVs and cover letters
- 2,520 persons attended workshops on preparing for a job interview
- 3,896 persons used individual advising services, which resulted in the creation of employment plans for 1,961 persons
- 1,321 persons were familiarized with regular migration

404 persons received training in foreign languages

440 persons attended IT trainings

936 CISO users found employment, while 288 users volunteered

*Youth employment project in B&H by
GOPA (YEP) funded by SDC*

Duration: 2012-2014

Under this project, seven job-finding clubs were established within public employment bureaus in seven

¹⁹ Ibid.

	<p>cantons. The clubs function via three groups: groups for support, workshops for acquiring job finding skills, and groups that provide information on vacant workplaces. In total, 407 persons used the services of these clubs in 2012. 85 users found employment, while 32 became engaged in voluntary apprenticeships. A new website of the Federal Employment Bureau was launched and four youth employment forums were organized, which gathered relevant representatives of the governmental and non-governmental sector.</p>
<p><i>A GIZ project “Support for adult education in Bosnia and Herzegovina 2012-2016”</i></p>	<p>The aim of this project has been to create a unique database about the organization of trainings for adults in Bosnia and Herzegovina with useful information on possibilities for acquiring additional skills and knowledge needed by the labor market. The database www.obuke.ba has been available since 2013 and is intended for employers, the unemployed and everyone else.</p>
<p><i>Employment fairs</i></p>	<p>In line with its program, the Federal Bureau has supported employment fairs organized by cantonal employment services, e.g. the Regional Job Fair Tuzla, the third Job Fair in SBK (Middle-Bosnia Canton), the sixth Job Fair in the Sarajevo Canton, the Job fair '12 <i>Use your chance</i>, etc. No data is available on the financial support to these fairs.</p>

It is important to emphasize that the programs by the Federal Employment Bureau were not only intended for youth, but can serve as examples of good labor market interventions with significant effects on youth as well as older persons.

“Vocational training and employment of automobile upholstery sewers” project

Representatives of the Ministry of Education, Science, Culture and Sports of the Middle-Bosnia Canton, Federal Employment Bureau, Employment Service of the Middle-Bosnia Canton, Travnik Municipality Administration, Mixed Secondary School of Technology in Travnik, Regional Economic Community (REZ), and United States Agency for International Development (USAID) signed a Memorandum of Understanding for the implementation of the project *“Vocational Training and Employment of 600 sewers for the needs of the company Prevent Travnik LTD.”* Some 600 unemployed persons will receive vocational training, gain qualification as an *automobile upholstery sewer*, and gain employment with the company. The total project budget is 289,956 BAM, i.e. 483.26 BAM per training participant, while the Federal Employment Bureau provided 110,150 BAM.

“Vocational training and employment of candidates for the vocations of blacksmith, CNC operator and mechatronics technician“ project

The Federal Employment Bureau co-financed the project “Vocational training and employment of candidates for the vocations of blacksmith, CNC operator and mechatronics technician“ realized by the Regional Developmental Agency NERDA. Other project participants included USAID, Kalesija Municipality Administration, Ministry of Education, Science, Culture and Sports of the Tuzla Canton, Employment Service of the Tuzla Canton, Mixed Secondary School of Electrical Engineering in Tuzla, Mixed Secondary School in Kalesija and the company UNIS TOK LTD Kalesija. The project provided for training and created conditions for the employment of 100 blacksmiths, CNC operators and mechatronics technicians for the developmental needs of the company UNIS TOK LTD Kalesija – a leading manufacturer and exporter of bearings parts for the automobile industry. The Federal Employment Bureau supported the project with 30,000 BAM.

Besides programs at the level of the Federation of B&H, some cantons, i.e. cantonal employment bureaus have their own programs of active measures varying from canton to canton, which usually include similar measures to those at the Federation level. Also, it is important to mention the role of the Federal ministry of development and entrepreneurship that each year publishes a call for incentives for youth entrepreneurship. In 2012 only 200.000 BAM was provided. 30 projects were granted out of totally 134 applications. Within their departments for economy, some cantons have certain funds for encouraging the development of entrepreneurship.

Initiatives supporting youth employment in the Republic of Srpska

In 2012-13, active employment policy initiatives represent the continuation of previously initiated measures and activities of the Employment Bureau of the Republic of Srpska and are determined in the Strategy of Employment of the Republic of Srpska 2011-2015. Some of the most important initiatives supporting youth employment are realized through the following programs and projects:

PROGRAM/INITIATIVE NAME	DESCRIPTION AND ACHIEVED RESULTS
<p><i>Employing young people not older than 30 with SSS</i></p>	<p>The project aimed to employ 116 apprentices with secondary education without employment and previous work experience for a 6-month period. The project funded the employees' net wage of 402 BAM, while the employer had to pay for taxes and social contributions.</p> <p>Achieved result: 96 apprentices found employment, while 26 apprentices who met the conditions did not receive jobs because their employers abandoned the project</p> <p>Out of the 96 apprentices participating in the project, 44 kept their employment after the end of project obligations. Total financial support by the Bureau was 221,960 BAM.</p>
<p><i>The employment of apprentices with university and non-university college degrees in the RS – "With knowledge towards work"</i></p>	<p>Duration: 2011-13</p> <p>Program objective: To decrease unemployment, especially among young highly educated persons, i.e. to strengthen workforce capacities and create a more effective labor market in the Republic of Srpska by providing jobs to 1,500 young educated individuals following their successful apprenticeships (1,350 apprentices with university degrees and 150 apprentices with non-university college degrees)</p> <p>Incentive amounts: The project covers the net wage of apprentices with VSS in the amount of 600 BAM and in the amount of 500 BAM for apprentices with VŠS, plus the amount of associated taxes and social contributions (50% or 70% of the apprentices' net wage, 20% or 40% in social contributions and the full amount of taxes on recommended wage amounts)</p>

	<p>Total project value is 17,238,730.00 BAM. Financing for 1,500 apprentices in 2012: Employers participated with 7,019,500.00 BAM and the Employment Bureau of the RS participated with 10,219,230.00BAM Until 31/12/2012 the Employment Bureau of the RS provided 9,664,550.32 BAM for financing 1,435 apprentices, while the project will continue in 2013 and another 5,100,000.00 BAM has been approved for this use</p>
<p><i>Social security networks and employment support project (SSNESP)</i></p>	<p>Duration: 2011-2013 Objective: Mediation and support in finding employment for around 4,000 persons (persons actively searching for employment and belonging to the category of socially disadvantaged and those who have additional difficulties in finding employment) Target groups: Vulnerable categories and young people not older than 35 without work experience or less than one year of work experience</p> <p>Donations: For employment with an employer – from 1,500 BAM to 1,800 BAM for 12 months or 50% of the amount for the period of 6 months</p> <p>For self-employment in agriculture and small business – from 2,500 BAM to 3,000 BAM for 12 months or 50% of the amount for the period of 6 months For training, retraining and additional education, training for season jobs – in the amount of actual training costs, up to 1,000 BAM For improving workforce mobility – up to 600 BAM For co-financing civil works – 50% of the lowest wage in the RS</p> <p>In 2013, 800 persons are expected to be employed, financed via 1,600,000.00 BAM The World Bank has granted a total of 6,000,000.00 BAM for the SSNESP program</p>

<p><i>Youth Employment Project in B&H - YEP II</i></p>	<p>Objectives of the project, phase II (2012-14) Target group: Youth <input type="checkbox"/> continued development of Job Clubs, The project is funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by the German company GOPA via its office in B&H</p>
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Initiatives supporting youth employment in the Brcko District

Through the initiatives described below, the Employment Bureau of the Brcko District implements active mediation in employment per the demands of the labor market. None of these initiatives focuses directly and solely on youth, but on the unemployed in general from the Brcko District.

PROGRAM/MEASURE NAME	DESCRIPTION AND ACHIEVED RESULTS ²⁰
<p><i>Apprentices employment program 2012</i></p>	<p>Duration: 2012. Approved annually. VII degree -173 persons VI degree -5 persons IV degree -15 persons Spent funds in 2012: 2,476,048.00 BAM</p>
<p><i>Program co-financing the employment of persons with long-term unemployment</i></p>	<p>Duration: 2012. Approved annually. The program aimed at vocational training/education, preparation and the employment of long-term unemployed persons of all target groups. Co-financing of the employment of 100 persons in the individual amount of about 5,000 BAM. The program provided 500,000.00 BAM for this use.</p>
<p><i>Programs of vocational training, education and preparation for employment</i></p>	<p>Duration: 2012. Approved annually. Objective: Prepare 80 unemployed persons to find employment by passing certain vocational training programs (IT course, accounting course etc). These activities were implemented:</p> <ul style="list-style-type: none"> - preparation for employment – IT training – 28 candidates - entrepreneurship training – 22 - accounting course – 12 candidates <p>Funds available: 28.000 planned; 16.060 BAM spent on this program in 2012.</p>

²⁰ Annual work report for 2012 of the Employment Bureau of the Brcko District (available at: www.zzzbrcko.org).

According to available statistics, various projects and programs supporting the employment and self-employment of young people implemented by public employment services in B&H have had little effect on the ever-increasing unemployment rate.

In 2013, the Center of Civil Initiatives (CCI) published the analysis "*B&H's employment policies and practices*" claiming that previous employment policies were completely ineffective and that very little funds in the budgets of public employment bureaus were directed toward active employment policies. The analysis found that only 20% of total funds was spent toward interventions in the labor market aimed at new employment.

Despite a visible change in the bureaus' approach to unemployed young people – especially through the support of the UN program YERP (2009-2013) and the Youth Employment Program (YEP) implemented by GOPA and funded by the Swiss Agency for Development and Cooperation (SDC)²¹ – employment bureaus remain quite passive in the creation and implementation of employment support programs. Namely, the role of public services usually limited to the transfer of granted funds to the users, regardless of whether they are employers employing persons from the register or young entrepreneurs who wish to start their own firms.

Still, it would be wrong to assign complete responsibility for the present labor market situation in B&H to the employment bureaus, given the complexities of the labor market. What should be emphasized is the need to improve the organizational structure and ways of operation of public employment services, so that a greater a percentage of direct support would be directed to the unemployed.

²¹Within the employment bureaus in both entities and the Brcko District – in over 30 cities – these programs resulted in the opening of either information centers for the advising and training of youth (CISO) or Job Finding Clubs, which communicate with the young in more direct and appropriate ways, in person and via social networks, providing a whole range of services.

Youth entrepreneurship in B&H

In developed economies young people are increasingly choosing self-employment as a viable pathway to their first employment. In B&H however, those who show an interest in launching a private enterprise tend to be discouraged by the multitude of procedures and costs necessary for registration and operation in the first years of business, the lack of funds available for starting a firm, high income taxes and social contribution levels, etc.

A 2011 report by the *Global Entrepreneurship Monitor*²² on attitudes towards entrepreneurship states that only 7.4% of young people aged 18 to 24 in B&H are future entrepreneurs or owners of new companies. Only 11.6% of young people aged 25 to 34 fall into this category. These numbers are insufficient, especially considering that small and medium enterprises are the main drivers of economic development in most countries.

Young people who participated in an entrepreneurship training program were asked what was preventing them from starting their own businesses. Based on a sample of 403 participants of the “*Start your business*” BIP program implemented from January to August 2013, young people identified the following key problems for starting a firm:

1. insufficient information and practical knowledge and skills in planning, starting and leading a private business;
2. high taxes for micro, small and medium enterprises, especially income taxes and social contributions on employees’ wages;
3. high credit interest rates, insufficient credit funds, the lack of “risk capital” for start-up companies, underdeveloped credit-warranty funds for start-ups;
4. high parafiscal charges (water contributions, contributions for forest, tourist organizations, etc.);
5. insufficient mechanisms for the protection of domestic production;
6. lack of stimulus for exports, import substitution and new employment;
7. high price of energy and utilities;
8. complicated and costly administrative procedures for obtaining various permits;
9. “grey” market and unfair competition;
10. corruption.

²²<http://www.gemconsortium.org> (accessed on 14/10/2013)

Most of these answers are corroborated by numerous reports by domestic and international organizations dealing with this problem. If we take, for example, the “*Doing Business*” report by the World Bank in 2012, we can see that B&H ranks low when it comes to the conditions for starting a private enterprise. This report measures and monitors changes in ten fields directly influencing the starting of small and medium enterprises across the world, which are: the establishing a firm, building permits, access to electricity, company registration, availability of credits, protection of investors, taxes, conditions for international business cooperation, execution of contracts, and the possibility of settling debts. These ten indicators are compared for 183 global economies. Data show that in 2012, in terms of business environment, B&H was ranked as 125th out of totally 183 economies analyzed.

In terms of costs, duration and procedures of starting an enterprise, B&H was ranked as 162nd in the world, making it one of the countries with the most complicated business start-up procedures.

A key factor influencing the decision on launching a business is the unfavorable tax structure in B&H – primarily labor taxation. One of the consequences of high taxation is a large number of employees in the informal sector (grey economy), because the social contribution rate in FB&H amounts to 41.5% of the gross wage and 33% in the Republic of Srpska. Practical experience from several projects promoting entrepreneurship show that young people become discouraged from starting their own business the moment they realize that after registration, on every paid wage they are obliged to pay another 70% of that wage for tax and social contributions. This high labor taxation is a huge burden for all entrepreneurs, especially for those thereby entering the business world for the first time and who have yet to find their place at the labor market. The amount of this burden in Bosnia and Herzegovina is among the highest in Europe.²³

The education system in Bosnia and Herzegovina has yet to dedicate much attention to the development of entrepreneurial skills. Despite the adoption of the “Strategy for entrepreneurial learning in the education system in B&H for 2012-15,” entrepreneurship has not been sufficiently promoted through education. There have been certain advancements, especially in secondary vocational schools for example, but current entrepreneurship promotion programs are mainly based on the implementation of several international projects, such as student entrepreneurship programs implemented by: the Norwegian Foundation BIP, KulturKontakt Austria, Youth Informative Agency OIA, Association Nesto vise, etc.

²³How to achieve lower income taxes without harming public funds? Center for Research and Studies GEA, 2013

It should be mentioned that, mainly thanks to donor support, special incubators and accelerators for young entrepreneurs were opened in recent years that offer various services to start-ups (the Innovation Center Banja Luka, BIT Center Tuzla, Technology Park Intera Mostar, Bizoo Accelerator Sarajevo, etc).²⁴ What is missing, however, is a systematic approach, coordination action and institutional dedication for the integration of entrepreneurship in all curricula from primary to secondary school and into higher education.

²⁴ www.bitcentar.com, www.intera.ba, www.icbl.ba, www.bizoo.ba

4. YOUTH UNEMPLOYMENT IN THE EU CONTEXT

B&H is not the only European country characterized by high youth unemployment. At the moment, the problem is one of the EU's most burning issues. Discussions on possible solutions to this problem are among the most frequent topics debated by decision-makers in EU and international institutions.²⁵

From the beginning of 2008 to mid 2009, the unemployment rate in the EU27 increased from 15% to 21%, while in the middle of 2012 it reached almost 23% (Eurostat, January 2000-August 2012).²⁶ Eurostat data shows that the recent downfall of the position of youth (age 15-24) in the labor market continues to increase significantly in many countries. In August 2013, 5.5 million young persons (those not older than 25) were unemployed, while 7.5 million of them were not involved at the labor market in any way (not being in employment, education or training - NEET).

The seriousness of the problem is further highlighted by the results of an analysis by *Eurofound*²⁷ showing that the **annual cost of youth unemployment and absence from the system of education or trainings was estimated at over 100 billion euros, or between 0.8% and 1.2% of GDP** for the 21 member states of the European Union analyzed. Bosnia and Herzegovina was not included in the analysis, but rough estimates based on comparisons with EU member states with similar labor market problems, such as Spain, tell us that **high levels of youth unemployment and inactivity cost B&H annually around 1% of its GDP, or more than 250,000,000 BAM total.**

In August 2013, the youth unemployment rate was 23.3% in the EU28 and 23.7% in the eurozone. In the same period, the lowest unemployment rates were in Germany (7.7%) and Austria (8.6%), while countries with the most unemployed young persons were Greece (61.5% in June 2013), Spain (56.0%) and Croatia (52.0% in the second quarter of 2013).²⁸

It is clear that there are great contrasts among EU member states, with the percentage of unemployment greater than 20% in one third of EU countries and 50% in the Mediterranean region, given their great differences in economic development levels. Furthermore, youth unemployment in EU countries is more than twice the unemployment rate of adults (22.8% compared with 9.1%), while the **chances that a young person finds employment within one year are only 29.7%.**

²⁵ Christine Lagarde, "Youth unemployment could prolong eurozone crisis," *The Guardian*, December 10, 2013

²⁶ International policy Analysis: "The European Union tackling youth unemployment in times of crisis," Friedrich Ebert Stiftung, 2012

²⁷ European Foundation for the Improvement of Living and Working Conditions, *Young People and NEETs in Europe: First Findings*

²⁸ Eurostat News Release, August 2013

At the same time, young people are more and more disappointed with the inability to find employment, which compounds the problem of inactive youth.

The following table provides an overview of unemployment in EU member states.

Table 8. Overview of youth unemployment in EU countries

	Male		Female		< 25 years	25-74 years
	2007	2012	2007	2012	2012	2012
EU-27	6.6	10.4	7.9	10.5	22.8	9.1
Euro area	6.7	11.2	8.7	11.6	23.1	10.1
Belgium	6.7	7.7	8.5	7.4	19.8	6.4
Bulgaria	6.5	13.5	7.4	10.8	28.1	11.0
Czech Republic	4.2	6.0	6.7	8.2	19.5	6.0
Denmark	3.4	7.5	4.2	7.5	14.1	6.3
Germany	8.6	5.7	8.8	5.2	8.1	5.2
Estonia	5.4	11.0	3.8	9.3	20.9	8.9
Ireland	5.0	17.7	4.3	11.0	30.4	12.9
Greece	5.2	21.4	12.8	28.1	55.3	22.2
Spain	6.4	24.7	10.9	25.4	53.2	22.7
France	7.8	10.1	9.0	10.4	24.3	8.7
Italy	4.9	9.9	7.9	11.9	35.3	8.9
Cyprus	3.4	12.6	4.6	11.1	27.8	10.2
Latvia	6.9	16.0	6.0	13.9	28.4	13.5
Lithuania	3.7	15.1	3.9	11.5	26.4	12.1
Luxembourg	3.4	4.5	5.1	5.8	18.1	4.2
Hungary	7.1	11.2	7.7	10.6	28.1	9.6
Malta	5.9	5.9	7.6	7.3	14.2	5.0
Netherlands	3.1	5.3	4.1	5.2	9.5	4.5
Austria	3.9	4.4	5.0	4.3	8.7	3.6
Poland	9.0	9.4	10.3	10.9	26.5	8.5
Portugal	8.0	16.0	10.0	15.8	37.7	14.0
Romania	7.2	7.6	5.4	6.4	22.7	5.6
Slovenia	4.0	8.4	5.9	9.4	20.6	7.9
Slovakia	10.0	13.5	12.8	14.5	34.0	12.2
Finland	6.5	8.3	7.2	7.1	19.0	6.1
Sweden	5.9	8.2	6.5	7.7	23.7	5.7
United Kingdom	5.6	8.3	5.0	7.4	21.0	5.7
Iceland	2.3	6.4	2.3	5.7	13.6	4.5
Norway	2.6	3.6	2.5	2.8	8.6	2.3
Croatia	7.8	16.2	10.4	15.6	43.0	13.2
Turkey	8.7	7.6	9.1	9.4	15.7	6.7
United States	4.7	8.2	4.5	7.9	16.2	6.8
Japan	3.9	4.6	3.7	4.0	8.1	4.0

Source: Eurostat

The link between primary education and the unemployment rate

For the purposes of this research, it is interesting to compare the results of PISA tests – one of the basic education quality indicators – and rates of youth unemployment.

PISA (*Programme for International Student Assessment*)²⁹ testing has taken place in OECD countries since 1997 with the basic goal of reviewing and assessing students who are at the end of primary education and have acquired important skills for further education and full participation in society. The central concept is literacy, which is tested via “paper and pencil” tests in mathematics, reading and natural sciences, with computer tests used to assess problem-solving competencies. The PISA test prioritizes the level of functional knowledge that pupils gain during primary education in relation to standard reproductive knowledge. The main use of this test – which takes place every two years – is to assess the quality of the education system and obtain results that are used for the creation of educational policies.

The results of the 2012 PISA tests, recently published in Paris, demonstrate a certain link between the test results and youth unemployment rates. Namely, most European countries that scored well on the PISA test had lower youth unemployment rates in relation to the EU average (Finland, Estonia, the Netherlands, Switzerland, Germany, Belgium, Austria, Slovenia, Denmark). On the other hand, countries whose students realized below-average PISA test results also had worse youth unemployment indicators in relation to the EU average (Spain, Bulgaria, Greece, Hungary, Italy, Sweden, Portugal, Croatia, Slovakia, Lithuania). It has to be noted that Bosnia and Herzegovina did not participate in the 2012 PISA testing. Besides Slovenia and Croatia, PISA testing was conducted in Serbia, Montenegro and Albania. Students from these countries scored significantly below the EU average.

How does the EU address the problem of youth unemployment?

The EU recognized the problem of youth unemployment as early as 1997, when the first European Employment Strategy was adopted which has, in a way, institutionalized a multilateral process of monitoring employment policies. Upon the adoption of the Lisbon Strategy in 2000 as the basic framework strategy for the development of the EU from 2000 to 2010, followed by the Europe 2020 strategy, support for employment has become an integral part of these strategic documents.

However, faced with the consequences of the global economic crisis that caused a sudden increase in unemployment, especially among youth aged 24 and below, the EU has attempted to find ways for stopping negative labor market trends. It is estimated that, at the

²⁹ <http://www.oecd.org/pisa/>

moment, around 7.5 million young persons aged 15 to 24 in the EU are not in employment, education or training.

Therefore, the Council of Ministers of the European Union adopted a recommendation on the establishment of the **“Youth Guarantee”** program in April 2013 – approved by the Council of Europe two months later. Previously, on January 16, 2013, the EU Parliament adopted the resolution *“Youth Guarantee”(European Parliament resolution of 16 January 2013 on a Youth Guarantee (2012/2901(RSP))*). This resolution is to be implemented from 2014 with the **primary goal of offering an alternative job, further education or an internship/apprenticeship to young persons who fail to find employment 4 months after the completion of formal education.** More than 6 billion euros plus funds from other sources will be available to member states, while countries with youth unemployment rates above 25% with concrete action plans will have advantage in access to these funds.

Simultaneously with the **“Youth Guarantee”** program, the EU has initiated a series of other initiatives aimed at facilitating youth integration into the labor market. One of them is the program of academic mobility ERASMUS+, approved by the European Commission at the end of 2013. For the following seven years, ERASMUS+ will improve young people’s skills and access to employment, modernize education and promote youth engagement across Europe. With a budget of over 14.7 billion euros, which is over 40% more than before, more than 4 million young persons across Europe will get an opportunity to take university studies, attend trainings, obtain work experience or volunteer abroad.³⁰Some aspects of this program will be accessible to youth from Bosnia and Herzegovina, on the condition that the country fulfills all necessary conditions for obtaining membership in the program.

The “Youth Guarantee” program

The “Youth Guarantee” program demands that every country that is implementing the program has to find ways of applying the recommended measures. The program honors the fact that young people are not a homogenous group and that they come from different environments, and also that practical implementation may be different, depending on the characteristics of member countries. This program is intended for young unemployed people registered in national employment services, while it is up to each EU member to determine how to also include those who are not registered.

³⁰<http://ec.europa.eu/programmes/erasmus-plus>

The “Youth Guarantee” program contains measures of support that should be implemented on national, regional and local levels. The program is based on 6 key principles/recommendations, which intertwine:

- I. building partnerships;
- II. early intervention;
- III. measures of support enabling labor market integration;
- IV. greater usage of EU funds;
- V. assessment and constant improvement of the program and
- VI. prompt action.

I Building partnerships

This recommendation encourages the strengthening of partnerships between public and private agencies for employment, career centers, youth NGOs or other NGOs working on youth issues in order to facilitate the crossing from unemployment to the world of work. Consistent implementation of this principle requires that all relevant social actors join forces in the creation and implementation of youth policies, with consultations with young people, gathering feedback and expanding channels for providing information on activities. It is important to enable access to information on programs and measures of support through mutual cooperation of employment services, career development centers, educational and training institutions and youth organizations, using all available communication channels.

II Early intervention

Early intervention and encouraging youth to become active means implementing awareness-raising campaigns and informing young people in order to motivate them to apply in public employment services and to be more active in the labor market. Special attention should be given to vulnerable groups in order to enable them easier integration in support programs. Employment services and other partners in the process should focus on consultations and planning on individual level, based on the principle of contracting, in order to prevent giving up and to enable progress in training, education or employment.

III Measures of support enabling labor market integration

Recommendations for the implementation of support measures that enable labor market integration are divided into two groups: advancement of skills and measures related to the labor market.

By advancing their skills, young people who leave school early and those with low qualifications should be offered ways of returning to education or training through second chance programs, adapting the training to the specific needs of this youth group.

It is especially important to encourage school and vocational education centers to use various entrepreneurship courses to promote entrepreneurship and self-employment. Different programs of non-formal and informal learning should be verified according to previous recommendations.

Furthermore, wherever possible, labor force costs not related to wages should be decreased in order to increase the possibility of recruiting young people. Wages and youth recruitment should be subsidized in order to enable employers to be able to provide apprenticeship, training and employment, especially to those who have been absent from the labor market, in accordance with existing national laws on assistance. Mobility on the labor market should also be promoted by raising awareness among young people on job offers, apprenticeships and trainings in various parts or regions of a country and other EU member countries, providing adequate support to those who find employment in other regions or countries, so they could adapt to the new environment.

Finally, it is important to enable more support to beginners/start-up entrepreneurs and to raise awareness on perspectives of self-employment through better cooperation with employment services, commercial sector and financing bodies, i.e. all those that provide financial assistance.

IV Greater usage of EU funds

One of the recommendations of the “Youth Guarantee” program is that EU members should use funding opportunities in the Cohesion Fund 2014-2020 to fund the support and implementation of the program, as well as funding opportunities within the European Social Fund. During the program implementation from 2014 to 2020, they should focus on program schemes that are most appropriate for that particular member country, in order to be eligible according to the priority areas of the European Social Fund.

V Assessment and constant improvement of the program

It is especially important to monitor and evaluate all defined measures in terms of results achieved and realized effects in order to be able to further develop new policies and

support programs. In doing so, joint action and learning at all levels (national, regional and local) between all parties working on the decrease of youth unemployment should be considered. Here, it is essential to strengthen the capacities of all parties, especially public employment services, so they could engage in the planning and realization of the “Youth Guarantee” program, and in order to overcome internal and external limitations to the development of policies and schemes encouraging employment.

VI Prompt action

Finally, the implementation of the “Youth Guarantee” program is expected to begin as soon as possible. Because of the limitations of budgets of some member states, the implementation of some measures and activities can be performed gradually. However, national programs and measures of support should be integrated into the EU budget projections related to the “Youth Guarantee” program. Therefore, in the following period member states will have to deliver their national plans for the implementation of this program.

Measures for tackling the problem of youth unemployment – examples from European countries

Below is an overview of several examples and measures for encouraging youth employment used in some EU member countries or countries outside the EU, but with developed labor market action policies, with examples from two countries in particular – Norway and Croatia. These two countries represent two extremes when it comes to the situation of their labor markets and the position of young people. Norway is one of the richest countries in the world with a very low unemployment rate and with great resources for institutional action at the labor market. Croatia, on the other hand, shares a similar historical heritage with Bosnia and Herzegovina, faces similar problems on the labor market, and has limited resources for the implementation of youth employment policies, like B&H. Croatia also became the newest EU member in July 2013.

Beside the examples of Croatia and Norway, there are many interesting programs and measures in other European countries. For example, in Germany there is the *Program of professional guidance* that helps young people in making career choices based on courses of professional guidance and workplace experience through apprenticeship.

In the Netherlands, renowned “training” companies offer young people the *possibility of learning through practice*, where they gain work experience and receive salaries. Young people are provided with intensive services of professional guidance during their transition to the labor market. Students can pick a suitable job online, so vacancies are

filled-in quickly. Also, the “*XXL jobs*” initiative offers young people jobs in sectors where the quality of workforce would decrease after the retirement of skilled senior employees. These are some of the reasons why the Netherlands has the highest percentage of young people in school and working at the same time.

In the United Kingdom, the charity “*Speakers for schools*” addresses disadvantaged young people in UK schools and universities, offering them the opportunity to hear motivational speeches from a range of industry leading professionals, public figures and academics.

In Finland, a “*youth guarantee*” program was initiated much earlier than in the rest of the EU and has enabled early prevention, regional equality, better cooperation between different bodies of authority, and improved relations between the government and young people. Besides that, *programs for professional education* are built into the Core national curriculum. School advisors and teachers are trained for teaching career development skills as part of their usual activities.

In Austria, the public employment service is responsible for young people and it has to offer them *repeated learning* combined with practice.

In Italy, entrepreneurship is promoted among university students through special “*offices for a start*” located at universities, with free-of-charge advising via government websites offering online documents and business guides and educational courses.

In Hungary, the ministry of national economy has a *strategic agreement with the Association of Young Entrepreneurs*, which offers beginner business packages for young entrepreneurs aged below 35.

In Denmark, the Ministry for Children and Education offers *online and face-to-face programs of lifelong professional guidance*. Also, there is a separated system database on young people that gathers data on all young persons aged 15 to 29 (in accordance with a civil registry system).

The example of Norway

One of the richest countries in the world with a labor market that offers a wide array of possibilities, Norway has an unemployment rate of 3.2%, which is the lowest in Europe. The Norwegian government has a special fund for vocation-change courses and helps the unemployed get back to work as soon as possible. Those left without employment can receive a welfare allowance for up to two years while municipality employment services assist them in finding new employment.

In October 2013, within a project implemented by a Norwegian foundation Business Innovation Programs (BIP)³¹, the authors of this study had the opportunity to visit the Employment Service of the municipality of Fredrikstad (NAV) in Norway, where only 600 young persons are registered as unemployed. Meetings were held with representatives of the NAV youth employment department. The authors received basic information on programs of support to youth, such as: additional education, vocational retraining, employment, career planning, writing CVs, etc. NAV is wide open to job seekers. It has a reception hall for unemployed persons with access to the internet, where they can browse for jobs, use printer for printing ads and biographies, copy machines, envelopes for sending job applications, etc. Furthermore, in the hall job seekers can ask for professional assistance, and they can also have individual consultations with NAV advisors. They must check in with the municipality employment bureau every 15 days by e-mail or in person. Most of those left without job manage to find new employment within 3 to 6 months.

It was interesting to realize that NAV also has so-called “Market team”, comprised of persons working on the ground and communicating with the private sector and finding suitable jobs for unemployed persons. The Market team finds around 70% of jobs for unemployed persons, while around 30% of unemployed persons finds employment through NAV. There are also private consulting houses for mediation in employment that charge their services. Workforce mobility in the country is an important question and special measures and reliefs are used to stimulate employment in the north of the country. Through NAV, young people engage in public works as well and NAV intensively cooperates with schools and users in programs of additional education or vocational retraining of employees. One segment of cooperation is the presence of NAV representatives in secondary schools, with an assignment to recognize those students that could face difficulties in integrating in the labor market after schooling and to act upon that proactively in early phase.

Besides the above mentioned, NAV centers offer foreign language and computer courses, especially to new immigrants who register as unemployed. It is also interesting that NAV does not have programs for co-financing self-employment for start-up companies. If a young individual wishes to start their own business, they address to commercial banks, which offer favorable financial terms.

³¹www.bips.no

The example of Croatia

Since B&H shares a border with Croatia, which became the 28th EU member country on July 1, 2013, it is important to make an overview of current programs for supporting youth employment in Croatia, which adapts its programs according to EU recommendations in the area of youth employment. In the annual report on growth and development for 2013, the European Commission ordered that all member states had to secure successful transitions of young people from the education system to the realm of work and that they had to actively work on the development and implementation of programs and schemes intended for education, employment and social inclusion of youth. As previously stated, the “Youth Guarantee” program is based on the recommendation that employment, scientific research, apprenticeship or continuance of education within four months after the completion of formal education or in an event of becoming unemployed must be secured for every person under 25. It has been recommended that the Program should consist of support measures and that it must be adapted to national, regional and local circumstances. This labor market analysis includes a special overview of ten measures for encouraging youth employment in the neighboring Croatia called “**Young and Creative.**”³² Its goal is to increase the capacities of young people and prepare them for employment, to strengthen young people and include them in entrepreneurship, and to develop civil society organizations as important actors in the labor market.

<p><i>YOUTH FOR YOUTH - Service in school through assistance in teaching</i></p>	<p>Anyone under 29 who completed gymnasium or has the first level of education and has been in the register of unemployed persons for more than a month can apply for the post of teaching assistant. It provides an internship in schools and the assistants work with children with special needs and Roma children.</p> <p>The state subsidizes 100% of their gross wage of 3,438.47 HRK monthly, and transportation costs of up to 400 HRK per person. Duration: 10 months.</p> <p>By helping children, young people will gain work experience and time in service.</p>
<p><i>YOUTH FOR THE EU- leaders of EU projects in the NGO sector</i></p>	<p>Everyone below 29 who have been in the labor market for a month, regardless of their time in service will be able to apply for the post of consultant for EU projects in NGOs that state the need for such employees.. The state will co-finance their wage. The state covers training costs for those willing to educate themselves for this vocation.</p> <p>The aim is to employ at these posts as many young people as possible and that NGO sector attracts as much money from EU</p>

³²Dostupnona: <http://www.vlada.hr>

	<p>funds as possible. The state covers the expense of building capacities for the creation and management of EU projects and 50% of the minimal wage over 6-month period.</p>
<p><i>YOUTH FOR COMMUNITY - mini public works for youth</i></p>	<p>Young people aged below 29 who completed primary or secondary school and who have been in the register of unemployed persons longer than three months will have an opportunity to get 6-month internship in NGOs. The state will finance or co-finance the engagement of young people in projects granted to their NGOs. The state will cover 100% of the gross wage in the amount of 3,438.47 HRK monthly and transportation costs of up to 400 HRK.</p>
<p><i>Employment after volunteering</i></p>	<p>This measure is aimed at encouraging employers in the business sector to hire young people more often and to keep them after the volunteering period. Young people already volunteering and those who are about to enter the system of volunteering in future will receive more than the current 1,700 HRK, most probably the amount of the minimal wage (roughly 2,300 HRK). The previous system of volunteering was often criticized for the fact that the state did not cover transportation costs to work and that young people were left with little earnings after they paid for transportation and food. This is going to be changed now, so that alongside better salaries, the state will also cover transportation costs for volunteers. If an employer keeps a young individual in employment one year after the volunteering period, the state will co-finance their gross wage for that period.</p>
<p><i>Financing start-ups</i></p>	<p>Young people aged below 29 regardless of their qualifications and work experience who have been in the register of unemployed persons for a month will receive an allowance for engagement in entrepreneurial incubators owned by cities, districts or development agencies. Entrepreneurial incubators gather small entrepreneurs who are yet to start doing business or are in development phase and without company premises. Incubators enable entrepreneurs to use their business premises on very favorable conditions. It is about start-up companies in initiation. The state will co-finance the whole process of establishing a company, from idea to realization, so those young people could become self-employed later. The Croatian Employment Bureau will form a special department for youth, where experts will provide them with advisory and career guidance.</p>

<p><i>Helping young people without education</i></p>	<p>In cooperation with the Ministry of Science, Education and Sports of Croatia, young people aged below 25 who have not completed primary education will get the opportunity to continue education. The state will finance costs of attending evening school or brief courses and seminars in public education institutions and other similar institutions. The state will cover transportation costs as well, and should they continue their education further, the state would pay for their additional vocational education.</p>
<p><i>Vocations of the future</i></p>	<p>Young people below 29 who have completed secondary school or have a non-university college degree or university degree and who have been in the register of unemployed persons of HZZ for at least a month will have the opportunity to pass trainings in the vocations of future, such as the eco-industry, waste and energy management, new IT services, social policy services such as babysitters, caregivers to the old and vulnerable, rehabilitation assistants working with persons with disabilities, etc. The government will announce public calls listing necessary vocations and then educational institutions will offer their programs.</p> <p>The state will cover all costs of the training of young persons who choose this kind of education. Educational institutions will have to guarantee that through their programs young persons will find employment within six months to a year. The programs will be monitored and should the participants remain unemployed, the state will stop financing unsuccessful educational institutions. Also, persons engaged in the program will not be removed from the register of unemployed persons and will continue to receive allowances. That measure will later include those older than 29.</p>
<p><i>Vouchers for employers</i></p>	<p>Employers who employ young people no older 29 having completed primary or secondary school, and who have been in the register of HZZ for at least a month, will receive a 15.3% relief to the gross wage of their young employees. Young people seeking employment will bring to job interviews a voucher by which the state guarantees that it will cover this portion of gross wage for at least two years.</p>
<p><i>Social entrepreneurship - co-financing employment</i></p>	<p>For young persons no older than 29, regardless of their work experience and education, who are employed in companies founded by an association or an institution as a form of social entrepreneurship, the state will co-finance a certain amount of their wage.</p>

It is important to emphasize that in order to facilitate the implementation of the measures adopted, Croatia can apply to the European Social Fund, where it can access 60 million euros, with more than a billion euros available from 2014 to 2020.

Even though these measures require great amounts of money, from our national point of view surely some of these programs could apply in B&H, if authorized institutions were to reform the existing system of support and measures currently undertaken aimed at encouraging youth employment and self-employment.

5. MAIN FINDINGS AND RECOMMENDATIONS FOR FUTURE ACTION

In previous chapters we presented the most important statistical data illustrating the difficult position of young people in the labor market in Bosnia and Herzegovina. Clearly, youth unemployment is directly linked to the overall unemployment rate, which primarily depends on economic tendencies in the country. Statistics show, however, that young people in Bosnia and Herzegovina make up an especially vulnerable labor market category, because their unemployment rate is two to three times higher than the overall unemployment rate. Comparative research shows that the EU also has similar problems, in countries of higher and lower levels of economic development. This leads to the conclusion that this problem should not be approached through economic policy alone. Data analyzed in this research shows that in most EU countries, for example, there is a certain correlation between PISA test results and the youth unemployment rate. In other words, what may be even more important than economic policy measures is the role of the system of general and vocational education in profiling the future labor market and in decreasing youth unemployment. Many EU countries have recognized this and determinedly began with the reform of general education, with an emphasis on the development of functional knowledge among youth –knowledge that can be practically used and applied after schooling. Some of these countries have already realized positive results in the labor market in terms of the youth unemployment rate (e.g. Estonia). This can surely be the pathway for the creation of public policies aimed at decreasing youth unemployment in Bosnia and Herzegovina.

Still, the focus of this research is the fact that the European Union and Bosnia and Herzegovina share the same problem, which is high and growing youth unemployment. The EU, having faced with this problem for several years, has singled out the youth unemployment issue as the top priority in its political agenda. In an effort to find the right

answers and reach adequate solutions, several initiatives on the EU level have begun in 2012 and 2013, including the “Youth Guarantee” program, which is the main tool in combating youth unemployment over the next five years. In the desire to use general principles of the “Youth Guarantee” program as a pathway for possible solutions for the labor market in Bosnia and Herzegovina, in paragraphs below we state several recommendations with concrete measures and necessary interventions.

- **Strengthening partnerships** between official institutions, public and private employment agencies, youth organizations and other organizations working on youth issues is surely something that must be strongly encouraged. Institutional actors should be more open to each other, there should be a wider process of consultation and more awareness of undertaken activities. One of the first steps in this direction is the systematization and publication of data on the status of young people in Bosnia and Herzegovina, and the **periodical announcement of key indicators** online and via other means. Simultaneously, a more intensive exchange of information on programs of support for young people is lacking which, in an era of **social networks expansion**, is relatively easy to achieve by **better linking relevant labor market actors**.

- **Early intervention** and inclusion of youth in an early stage requires a series of long-term and short-term measures aimed at acquiring knowledge, creating habits, increasing awareness and informing young people so they will be more active in the labor market and find employment more quickly and easily. The education system plays the key role here by better enabling the use of acquired skills and knowledge after schooling. Besides secondary and higher education, the quality of primary education is especially important, because it lays the foundations for the development of functional knowledge in young people, which later enables them to more easily integrate into the society and labor market. It is necessary to determine the quality of primary education through comparable and recognized standards for the evaluation of student achievement, and to implement necessary reforms according to obtained results. What is definitely missing in Bosnia and Herzegovina at the moment when compared with other countries is the integration of certain forms of entrepreneurial training (the **“entrepreneurship through playing”**) at the earliest stage of development of young people – in pre-school and primary education.

- **A more active role of public employment services** is a recommendation aimed at introducing much-needed new dynamics in mediation into the labor market in Bosnia and Herzegovina. Employment bureaus have begun certain reform processes, but they are still insufficiently engaged as mediators in employment,

communication and coordination of supply and demand in the labor market. A positive step forward would occur if all CISO centers and Job Finding Clubs would be integrated in the systematization of workplaces within employment bureaus and if they would use them as focal points for working with young people and further develop their array of services. Much more attention has to be given to individual work with unemployed young persons through providing information, consultations, advising and training. A concrete step forward would be if employment bureaus' officials would inform primary school students who are about to enroll in secondary education and also secondary school students enrolling in higher education, as well as their parents, about the situation in the labor market on local and regional levels, required occupations, occupations in excess and occupations in demand, guidelines for future occupations according to realistic labor market needs (put lists and information on the bulletin board), etc.

Employment bureaus should definitely **allocate more funds for active employment policies**, while existing programs of support for young people should be analyzed from an angle of funds invested and effects realized. Instead of merely transferring funds from the budget to users, bureaus should introduce measures for more active work with young unemployed people (training, retraining, motivation...), so that they may acquire new knowledge or skills that would enable their employment.

Another concrete recommendation for employment bureaus is **to form mobile teams of employment services** (at regional levels) that would work on gathering information on labor market needs and on linking supply (through direct contact with employers in the private and public sector) and demand (through young unemployed people with certain qualifications). Furthermore, based on the situation on the ground, these teams would be able to suggest certain activities on workforce retraining according to the needs expressed by potential employers at the labor market.

- **Provide more concrete support to youth entrepreneurship** through a series of measures and incentives that will motivate young people to start their own businesses and employ themselves as entrepreneurs. The following measures should be considered:

- a) Expand existing programs of training and entrepreneurial education of young people in secondary schools and universities through special subjects and study courses and extra-curricular activities for all students;
 - b) Use *cost-benefit* analysis to examine the possibility of decreasing or even abolishing labor taxation for young people (below 30) who are starting their first business enterprise. This would mean relieving them of the obligation of paying income taxes and social contributions, at least in the first year of doing business, with the possible gradual introduction of that obligation over the next two years (25% and 50%);
 - c) Follow the example of the Republic of Srpska when it comes to the simplification of the registration process for enterprises and companies. Work intensively on introducing online business registration in both entities;
 - d) Cooperate on various levels (municipal, cantonal, entity, state) with international donors and financial institutions on the establishment of “seed” funds, risk capital funds and other alternative sources of funding for newly established companies;
 - e) Expand and regionally connect the network of “business angels” that would provide the initial capital for future start-ups owned by young entrepreneurs;
 - f) Enable the use of “soft” collateral or pledging equipment as security for credit to beginners in business;
 - g) Intensify cooperation and contacts with the diaspora aimed at supporting young and creative people in B&H in their effort to start their own business, or enable foreign investors favorable joint investment arrangements and the establishment of “joint venture” companies;
 - h) Create conditions for the simpler use of online trade and sales (regulating the legislation for PayPal, exports...);
 - i) Examine the effects of previous investment in business incubators, technology parks, business gardens, etc. and decide on future support measures based on obtained results.
- **Make better use of available EU and other international funds.** Following the example of Croatia, it is possible to establish a program “Youth for the EU” – managers of EU projects in the NGO sector, especially for highly educated persons. This measure could be significant for civil society organizations, because B&H uses EU funds and will probably continue to use them further on the way of accession to the EU. Thereby, young people would gain experience in this area, and the state would be able to absorb more funds from the EU and other funds by using the acquired knowledge and experience of those young people.

- Also, the training of young people engaged in the creation and realization of EU projects would be co-funded, along with a portion of wages, within every granted project.

What should also be considered is the possibility of using a project-based approach for initiating **mini public works for youth** in areas of the natural environment, eco-industry and agriculture, waste and energy management. This initiative can include services such as helping the old and vulnerable, parents, women in the labor market, where for young unemployed persons who wish to participate in public works or projects such as these their wage would be co-financed, as well as transportation costs eventually.

- Enable young people to **gain their first occupation and strengthening of competencies through work using programs such as the “Voucher for Employment,”** whose goal would be to employ young people – primarily in the business sector – for longer than two years. The target group would be young people who have been at least 30 days in registers of public employment bureaus and who are trying to find employment without having previous work experience or who do not have more than a year of work experience at a workplace they had been to school for, along with persons who have been unemployed for a longer period (more than two years) regardless of their work experience.
- Follow the example of Croatia and start a pilot project of **support for social entrepreneurship** of youth. By founding associations, young persons would gain their first work experiences and also create projects useful to society. Adequate funds for NGOs are already available at all levels of government, as well as certain donor programs. NGOs are certainly a training ground for the development of skills, networking, mobility, etc., especially considering that only 7% of young people are members of civil society organizations.³³
- Promote the informal education of youth and other programs that can advance their employment, leadership and entrepreneurship skills, because a large number of inactive young persons and those who are waiting for a job for a long time have the chance to be proactive, additionally inspired and socially included through programs of informal education.

³³ UN: Voices of Youth, 2012.

Public broadcasters (radio and TV) whose funding mainly comes from public budgets should be actively involved in the creation of special projects for the promotion of active job-seeking, for learning about all possibilities and programs for youth, as well as for the promotion of successful young entrepreneurs, leaders, volunteers, etc.

- **Increase youth mobility through student exchange programs and encouraging employment in other countries.** In this context, it is necessary to intensify activities on making agreements on temporary work of youth from B&H with other countries and on adopting the package of measures for stimulating a certain number of young persons to find temporary employment beyond B&H, who would then be able to return later and/or to invest in business in B&H, find the market for their business in the country they were residing in during their temporary work (model of Ireland). This measure should be viewed in the context of the present situation, in which young people leave B&H anyway without any sort of institutional framework. On the other hand, the suggested measure can be successful in the transition period when new workplaces are not opened and young people find themselves in an economic and institutional vacuum and, in turn, easily become passive at the labor market.

- Finally, Bosnia and Herzegovina has been facing negative labor market tendencies for many years when it comes to young people, so there is no time for waiting. **Urgent reaction and quick response is needed.** Since the implementation of some initiatives is limited by inadequate budget funds, it is necessary to begin as soon as possible with those activities that do not demand greater funds and, at the same time, to examine the effects of previous programs of support in order to make the best possible allocation of the available limited funds.

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