SOCIAL EXCLUSION OF THE YOUNG FROM THE LABOUR MARKET IN BOSNIA AND HERZEGOVINA

ABSTRACT The population of young people in Bosnia and Herzegovina is confronted with many challenges – economic, institutional and social. The participation of young people in education drops significantly after they turn 18, while entry into the labour market happens around 20 years of age. Unemployment mostly affects people with lower education levels, such as those with a secondary school degree or qualified workers. The youth unemployment rate, the most commonly used indicator of the disadvantages faced by young people in the labour market, is very high in Bosnia and Herzegovina. The single most significant factor affecting the labour market experiences of young people is the extensive informal economy in the country. Active Labour Market Policy for young people attempts to reduce the problems faced by young people in their attempts to find decent work once they enter the labour market. They attempt to remedy failures of the educational system and to improve the efficiency of labour market matching. The percentage of unemployed youth is of great importance because the youth are in the age when the ability and motivation for work are at their peak. Any society that excludes half of its population from the sphere of work acts against public interest.

KEY WORDS social exclusion, the young, labour market, unemployment rate, active labour market policy


KLJUČNE RIJEČI socijalna isključenost, mladi, tržište rada, stopa nezaposlenosti, aktivne politike tržišta rada

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Introduction

With inflation, unemployment is one of the most difficult economic problems, because it means the absence of the production and profit, causing the high fiscal costs, contributing significantly to "degradation" of human capital and increasing inequality in society. In particular, we can point out the social consequences of unemployment, because it causes significant psychological stress and creates a sense of uselessness, in a word, it leads the individual to social isolation.

Of one billion young people today, 85% live in developing countries, with little or no possibility of obtaining good quality jobs (CISP, 2006: 3). Youth employment is an issue that attracts attention of governments and international organizations around the world, and the United Nations, World Bank and the International Labour Organization (ILO) assume a leadership role in addressing the issues of employment and youth unemployment.

A special problem of unemployment in Bosnia and Herzegovina is unemployment of young people. The young in Bosnia and Herzegovina are on the margins of society and their involvement in social, political and economic life of the country is minimal. Unfortunately, Bosnia and Herzegovina does not use young people as a catalyst for change and development, which this country really needs. Until now, the issues faced by young people in Bosnia and Herzegovina are very low on the agenda of political and governmental structures (CISP, 2006: 3).

Unemployment is one of three key components of social exclusion. In interaction with the poverty and social isolation, unemployment forms a vicious circle, a hopeless situation. Lack of perspective among the young, poor economic situation and a lack of jobs lead to emigration of young people, of the best educated young people in most cases, which is known as the "brain drain". This serious problem can significantly harm the long-term development of Bosnia and Herzegovina.

Social exclusion of young people in the labour market in Bosnia and Herzegovina

The analysis of social exclusion of the young in Bosnia and Herzegovina is seen primarily through their unemployment. Although unemployment affects all segments of the population, there are several groups that are more affected by unemployment. One of these groups is young people, aged between 15 and 24. Employers offer poorly paid jobs to young people, without official registration. The young are in unequal position in relation to employers who are willing to take advantage of lack of concern for young people on the part of the Bosnia and Herzegovina institutions.
A large portion of young people in Bosnia and Herzegovina find a job in the informal sector or they find a low-paid job that provides a sufficient income to cover their basic needs. Considering the fact that this group of population makes up about 15% of total Bosnia and Herzegovina population (O’Higgins, 2009: 14), and considering that significant proportion of the young is without a job or work in adverse conditions, a comprehensive youth employment policy is really necessary. The problem of youth unemployment cannot be viewed as a separate issue, taken out of context of the overall economic and labour market situation in the country. Macroeconomic environment of Bosnia and Herzegovina is still adversely affected by the conflict of 1992-1995. Real economic growth has been fairly stable since 2000, although this level is not comparable to growth rates immediately after the end of the war, which were fueled by the massive international assistance.2

Although it can be said that the demographic situation in the country has relatively stabilized in the last ten years, the share of working-age population shows a negative growth of 5% since 2006 when the first labour market analysis was performed. The worst and particularly unfavourable situation in the labour market is occupied by persons with the status of a displaced person and returnees, persons with disabilities, single mothers, Roma, the old and the young. Diversity of the socially excluded is great, covering different age groups, gender, ethnic groups, regions, education levels, etc. (Council of Ministers of Bosnia and Herzegovina, 2010: 7).

Key Bosnia and Herzegovina labour market indicators

The unemployment has been rising, in all former Yugoslav republics since the 1970, moderately at first, and almost exponentially during the nineties. At the beginning of the 21st century, the registered unemployment rate exceeded 20%. Today, this rate is even worse: the number of unemployed persons in Bosnia and Herzegovina was 522,052. Comparison of these data with some data for the same month in 2009 showed an increase in unemployment of 2.4%, because the number of people who registered as unemployed increased in absolute terms by 11,546.

Chart 1 provides insight into the relation between the number of unemployed persons by entities and District Brčko (DB). According to the data of the Agency for Labour and Employment, in December 2010 the unemployment rate stood at 43.3%. The results of the Labour Force Survey for 2010 show that this rate is significantly lower than of the registered: for 2010, the rate amounted to 27.2% at the state level.

There is a clear mismatch between the official and any serious assessment of the situation in the labour market in Bosnia and Herzegovina. The number of

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2 According to the last census in 1991, 4.377 million people had been living in BiH. The war led to massive population movements, which is a huge problem when it comes to figures relating to the census, such as, for example, GDP per capita.
unemployed persons cannot be compared with the number of unemployed persons obtained through the Labour Force Survey. The reason is the different definition of unemployment. The official unemployment records contain a number of individuals who are really out of work, but who are at the same time not part of the labour market because they are not potential employees. These include pensioners, those who are unable to work due to illness or disability, housewives, those who take care of the household and children, and those who are engaged in other types of activities, like studying, which prevent them from working. Also, among those are the employed in the informal sector, who are registered as unemployed.

**Chart 1 Number of the unemployed in Bosnia and Herzegovina in 2010**

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td>BiH</td>
<td>522,052</td>
</tr>
<tr>
<td>The Republic of Srpska</td>
<td>145,620</td>
</tr>
<tr>
<td>Federation B&amp;H</td>
<td>364,929</td>
</tr>
<tr>
<td>District Brcko</td>
<td>11,503</td>
</tr>
</tbody>
</table>

Source: Labour and Employment Agency of Bosnia and Herzegovina, Statistical Information Sheet IV- 2010

Since 2006, the Agency for Statistics of Bosnia and Herzegovina has been conducting Labour Force Surveys (LFS), which were based on the standards of the ILO and the Statistical Office of the European Union (Eurostat). The results of the survey are internationally comparable data about the labour market. Table 1 shows the main indicators of the labour market of Bosnia and Herzegovina in 2010, according to data obtained in the Labour Force Survey for 2010.

Labour force or economically active population, comprised of approximately, 1,157,940 persons, while the number of inactive persons was 1,438,761. Of the total number of economically active persons, 842,831 were employed and 315,110 unemployed. The high unemployment rate indicates the depth of social and economic problems in Bosnia and Herzegovina. This rate is three times higher than the EU average.

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3 This survey was conducted by the Agency for Statistics of BiH, Federal Office of Statistics and Republika Srpska Institute of Statistics.
The young in the labour market in Bosnia and Herzegovina

The young (aged between 15-24) make up 17% of the total population and about 22% of the total working age population of the country, which is significantly above the EU average. (Council of Ministers of Bosnia and Herzegovina, 2010:21) The analysis showed that this population group has faced many economic, institutional and social challenges, which indicates possible negative consequences. The unemployment of the youth represents an important factor of their total integration and independence, as do relevant risk factors, primarily of the economic exclusion.

Table 2 Measures of youth activity by gender

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Year</th>
<th>Men</th>
<th>Women</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>40.0</td>
<td>25.6</td>
<td>33.2</td>
</tr>
<tr>
<td>Activity rate (%)</td>
<td>2009</td>
<td>40.4</td>
<td>24.3</td>
<td>32.6</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>39.7</td>
<td>25.9</td>
<td>33.0</td>
</tr>
<tr>
<td>Employment rate (%)</td>
<td>2008</td>
<td>22.1</td>
<td>12.2</td>
<td>17.4</td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>21.7</td>
<td>11.5</td>
<td>16.7</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>17.8</td>
<td>10.0</td>
<td>14.0</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>2008</td>
<td>44.8</td>
<td>52.3</td>
<td>47.5</td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>46.4</td>
<td>52.7</td>
<td>48.7</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>55.1</td>
<td>61.3</td>
<td>57.5</td>
</tr>
</tbody>
</table>


European employment strategy[^6] points out that the vulnerability of young people during the transition from education to the employment must be recognized.

[^5]: While the unemployment rate reflects the state of the economy and the success of economic policy, the scale and severity of social problems and differences in the society, the employment rate indicates the participation of employed persons in working-age portion of the population. Employed and unemployed persons constitute active population or labour force of the society. The activity rate is determined by a ratio between the labour force and the number of working-age persons (Agency for statistics of BiH, 2010, p. 16).
Every young unemployed person needs a new beginning in the form of training, retraining, work practice or other measures to train for employment before they reach six months of unemployment. Table 2 presents indicators of youth activities in 2008, 2009 and 2010, by gender.

The activity rate of 33% for 2010, suggests that most of young people in working age are economically inactive, mainly because they are still in the process of schooling and education. Only 14% of the youth are employed. The reason for such a low official employment rate is the fact that a significant number of young employees work in the informal sector. They have neither health insurance nor retirement pension, they do not enjoy any other form of protection, available to workers in the formal labour market. Usually, they find jobs in agriculture, construction, trade and tourism. But these jobs are often temporary, seasonal, low-quality jobs. According to some studies, 12.3% of the informal economy consists of jobs performed by the young. Therefore, the main cause of the high unemployment rate lies in the weak economy and the lack of creating jobs.

The unemployment rate of 57.5%, sets Bosnia and Herzegovina among the countries with the highest youth unemployment rate. It is a significant increase in rate compared to 2009 when the rate was 48.7%, and the fact is that 78.7% of unemployed young people are long-term unemployed. According to the official data, 50% of the unemployed look for their first job, and most of them belong to the young population.

Table 3 Unemployment rates and youth unemployment rates in 2010

<table>
<thead>
<tr>
<th>Country</th>
<th>Overall unemployment rate</th>
<th>Youth unemployment rate</th>
<th>Youth unemployment rate/ overall unemployment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU 27</td>
<td>9.6</td>
<td>21.1</td>
<td>2.20</td>
</tr>
<tr>
<td>Austria</td>
<td>4.2</td>
<td>8.8</td>
<td>2.10</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>11.4</td>
<td>23.2</td>
<td>2.04</td>
</tr>
<tr>
<td>Greece</td>
<td>14.1</td>
<td>32.9</td>
<td>2.33</td>
</tr>
<tr>
<td>Hungary</td>
<td>11.0</td>
<td>26.6</td>
<td>2.42</td>
</tr>
<tr>
<td>Italy</td>
<td>8.2</td>
<td>27.8</td>
<td>3.39</td>
</tr>
<tr>
<td>Romania</td>
<td>7.3</td>
<td>22.1</td>
<td>3.03</td>
</tr>
<tr>
<td>Slovenia</td>
<td>8.0</td>
<td>14.7</td>
<td>1.84</td>
</tr>
<tr>
<td>Spain</td>
<td>20.4</td>
<td>41.6</td>
<td>2.04</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>27.2</td>
<td>57.5</td>
<td>2.11</td>
</tr>
</tbody>
</table>

Source: http://epp.eurostat.ec.europa.eu

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6 http://ec.europa.eu/social/
7 The Strategy aims are that at least 85% of the young up to 22 years of age will have completed upper secondary school by 2010.
Data from the previous tables indicate the presence of a gender dimension, because the unemployment rate of young women is higher than the unemployment rate of young men, the activity rate of young women is much lower than the activity rate of young men and the employment rate is much lower than the employment rate of young men. Poor education and a lack of necessary skills are often the cause of high unemployment. This is primarily a consequence of the education system, which is not consistent with the labour market needs, and of inadequate employment opportunities and public policies (Council of Ministers of Bosnia and Herzegovina, 2010: 19). Table 3 presents data on the unemployment of the youth in Bosnia and Herzegovina and other countries in the region:

Table 4 Ratio young-adult unemployment rates in selected European countries, 2007-2010

<table>
<thead>
<tr>
<th>Country</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>2.3</td>
<td>2.6</td>
<td>2.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>2.5</td>
<td>2.6</td>
<td>2.7</td>
<td>*</td>
</tr>
<tr>
<td>France</td>
<td>2.8</td>
<td>3</td>
<td>3</td>
<td>2.5</td>
</tr>
<tr>
<td>Germany</td>
<td>1.4</td>
<td>1.5</td>
<td>1.5</td>
<td>1.3</td>
</tr>
<tr>
<td>Greece</td>
<td>3.2</td>
<td>3.4</td>
<td>3.1</td>
<td>3.2</td>
</tr>
<tr>
<td>Italy</td>
<td>4.1</td>
<td>3.8</td>
<td>3.9</td>
<td>3.8</td>
</tr>
<tr>
<td>Romania</td>
<td>4.1</td>
<td>4.2</td>
<td>3.8</td>
<td>*</td>
</tr>
<tr>
<td>Slovenia</td>
<td>2.4</td>
<td>2.9</td>
<td>2.7</td>
<td>2.2</td>
</tr>
<tr>
<td>Spain</td>
<td>2.6</td>
<td>2.5</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>2.3</td>
<td>2.3</td>
<td>*</td>
<td>2.25</td>
</tr>
</tbody>
</table>

* data not available


The comparison of the youth unemployment rates, in the specified group of countries, shows that this rate is the highest in Bosnia and Herzegovina. This fact suggests both that the youth in Bosnia and Herzegovina are faced with great difficulties entering the labour market while they are still in school. Data from the previous table show significant rate of youth unemployment even in developed European countries. But it does not mean that unemployment is the direct cause while social exclusion is the consequence. Inactivity in the labour market does not cause the physical and cultural exclusion, nor it leads to social isolation or self-exclusion. The young usually enjoy the economic support of the family. On the

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8 Youth unemployment rate is the percentage of the unemployed in the age group 15 to 24 years old compared to the total labour force (both employed and unemployed) in that age group.
contrary, the unemployment of young people in Bosnia and Herzegovina has significant consequences for other spheres of their social life. Material poverty, as a consequence of the war, transition, political and social events, is characteristic of the entire society, not just of the unemployed population.

Table 4 shows relation between unemployment rates of the young and unemployment rates of the adults in selected European countries from 2007 to 2010. This ratio gives us a complete picture of the status of the youth in the labour market (O’Higgins 2009: 13).

If this indicator is 1, then there are no specific issues of the young which contribute to the high youth unemployment. But, the indicator greater than 1 indicates that the young, entering the labour market, are faced with more obstacles than other age groups. This table shows that the youth unemployment rates are significantly higher than adults rates almost everywhere, for a number of reasons. Ratio young-adult unemployment rates is 2.25 for Bosnia and Herzegovina. There is a strong indication that the young in Bosnia and Herzegovina are faced with specific barriers when they enter the labour market. The exception is Germany where the youth unemployment rate is 1.3, due to successful internship scheme.

A brief review of the indicators of social exclusion in Bosnia and Herzegovina

Social exclusion is mostly associated with consequences of the war and the process of transition, with poverty as the major dimension. According to the last published review of progress in achieving the Millennium Development Goals (MDG) in Bosnia and Herzegovina in 2010, the indicators of poverty in Bosnia and Herzegovina, as well as their expected values, are shown in Table 4:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute poverty line (%)</td>
<td>19.1</td>
<td>16.0</td>
<td>14.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Relative poverty line (%)</td>
<td>18.3</td>
<td>-</td>
<td>18.2</td>
<td>14.0</td>
</tr>
<tr>
<td>Share of poorest quintile in income</td>
<td>9.5</td>
<td>-</td>
<td>7.2</td>
<td>&gt;10</td>
</tr>
</tbody>
</table>

Source: Ministry of finance and treasury of Bosnia and Herzegovina and the UN Country team: Progress towards the Realization of the MDG in Bosnia and Herzegovina
Absolute poverty, defined as the percentage of population below the poverty line (i.e. below €102 per person per month), decreased from 19.1% in 2001 to 14% in 2007. The goal of 9% for 2015 is likely to be achieved. But a significant percentage of the population’s level of consumption is just above the poverty line. About 20% of the population has levels of consumption between €102-€153, therefore they are very sensitive to any reduction in income (Ministry of finance and treasury of Bosnia and Herzegovina and the UN Country team in Bosnia and Herzegovina, 2010: 8).

UNDP researchers have developed a methodology for calculating a series of three indicators of social exclusion in Bosnia and Herzegovina, which were published in the Human Development Report for 2007. The index of general social exclusion, the index of extreme social exclusion and the long-term social exclusion index were primarily calculated.

Index of general social exclusion (HSEI)\(^9\) for Bosnia and Herzegovina is 50.32. This means that 50.32% of Bosnia and Herzegovina population is excluded from society in some way in at least one aspect of exclusion. As regards the HSEI index, there are no significant differences between rural and urban areas and among the entities: the FBosnia and Herzegovina has the index of 51.01 and the RS of 49.50.

Index of extreme social exclusion (HSEI-1) is estimated at 21.85, which means that around 22% of Bosnia and Herzegovina population can be described as "extremely socially excluded". This includes people over 15, who have not completed primary school, people without cash income and people living in houses or apartments without a phone. But this indicator shows a significant difference between the entities: the FBosnia and Herzegovina has the index of 24.53 and the RS of 20.01, and between rural and urban population.

Last indicator, Index of long-term social exclusion (HSEI-2), shows percentage of Bosnia and Herzegovina population who are at risk of long-term exclusion. The value of this index indicates that 47.31% of the employed in Bosnia and Herzegovina are at risk of becoming and remaining a part of the long term socially excluded (UNDP, 2007: 31). In the Table 6 values of these indicators are presented.

These indicators and the Human Development Index (HDI) for Bosnia and Herzegovina are complementary, in terms of their methodology and their results, and they portray social exclusion through the prism of human development. HDI measures average achievement across three basic dimensions: a long and healthy life measured by life expectancy, knowledge, measured by the adult literacy rate and the

\(^9\) Index of general social exclusion is based on seven key indicators that reflect the standard of living, health, education, participation in society and access to services, and it shows that one half of the population is excluded from the society in some way in at least one of these aspects.
combined primary, secondary and tertiary gross enrolment ratio, and a decent standard of living.

Table 6 Indices of social exclusion in Bosnia and Herzegovina

<table>
<thead>
<tr>
<th>Indicator</th>
<th>FBosnia and Herzegovina</th>
<th>RS</th>
<th>Bosnia and Herzegovina</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index of general social exclusion (HSEI)</td>
<td>51.01</td>
<td>49.50</td>
<td>50.32</td>
</tr>
<tr>
<td>Index of extreme social exclusion (HSEI-1)</td>
<td>24.53</td>
<td>20.01</td>
<td>21.85</td>
</tr>
<tr>
<td>Index of long-term social exclusion (HSEI-2)</td>
<td>?</td>
<td>?</td>
<td>47.31</td>
</tr>
</tbody>
</table>

Source: UNDP: NHDR 2007 – Social Inclusion in Bosnia and Herzegovina

Table 7 contains the calculated and estimated values of the HDI for Bosnia and Herzegovina. The HDI shows that Bosnia and Herzegovina has achieved a stable progress in the context of human development since 2002. Bosnia and Herzegovina is classified in the group of countries with high human development, whose HDI is 0.8 or more. This indicator is significantly higher for the entity FBosnia and Herzegovina (Ministry of finance and treasury of Bosnia and Herzegovina and the UN Country team in Bosnia and Herzegovina, 2010: 15).

Table 7 Bosnia and Herzegovina Human Development Index

<table>
<thead>
<tr>
<th>Human Development Index</th>
<th>2001</th>
<th>2007</th>
<th>2009</th>
<th>2015 projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.744</td>
<td>0.812</td>
<td>0.829</td>
<td>0.847</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of finance and treasury of Bosnia and Herzegovina and the UN Country team: Progress towards the Realization of the MDG in Bosnia and Herzegovina, 2010

In addition, it is necessary to mention some of the Laeken indicators for Bosnia and Herzegovina. They also show that the unemployed are under constant risk of falling below the poverty line, and that unemployment, in most cases, is long-term in character. These indicators show that children and the young are under the same risk of falling into poverty as adults (UNDP, 2007: 185). Laeken indicator number 8 shows the percentage of people who are early school-leavers. This concerns individuals between 18-24 years of age, most of whom completed primary school. In Bosnia and Herzegovina, this indicator is 65%, which means that most young people who have/have not completed primary school are excluded from any further process of education. The difference between boys (71.1%) and girls (59.1%) is significant.

This indicator tells us that young people in Bosnia and Herzegovina, after leaving school, often do not return to education. Leaken indicators warns us that the
education system does not provide another opportunity for young people who have dropped out of school, ie. the educational system in relation to the young is often more exclusive than inclusive (UNDP, 2007: 191).

**Active labour market policy in Bosnia and Herzegovina**

Active labour market policy (ALMP) is a set of measures which make access to the labour market and workplace easier, which improve professional qualifications of the job seekers and improve the labour market performance. This policy may produce a range of desirable effects and, at the same time, some undesirable ones. For this reason, the essence of active intervention in the labour market is to have the optimal content and size of the programmes in the optimum time, and carefully selected categories of participants in the programmes.

According to the international experience, the impact of the active labour market measures (ALMM) is better if they are targeted better, if they are more responsive to the labour market needs, if they are linked with work experience, and if they are a part of a comprehensive package of services.

The main goal of ALMM in Bosnia and Herzegovina is to encourage employers to create jobs and to hire unemployed people through loans, grants and subsidies. But these measures are, according to international comparisons, one of the least profitable among the ALMP measures, especially in terms of resolving the problem of the long-term unemployed.

The administration of labour market policies involves the State Employment Agency, with representation and coordination functions, the entity-level employment services, and, in the FBosnia and Herzegovina, Cantonal employment services. In the RS, the Employment Agency is responsible for performing all the employment service functions, while in the FBosnia and Herzegovina, this responsibility is devolved to the Cantons. Financing also differs across the entities, for although in both cases the bulk of financing accrues from payroll contributions, contributory rates differ considerably across Entities, while the two larger entities also differ in the composition of expenditures.

In the FBosnia and Herzegovina, administrative costs account for 21 per cent of expenditure, passive measures for 33.7 per cent and ALMP for 45.3 per cent. In the RS, administration accounts for 34.3 per cent of expenditure, passive measures total of 50.4 per cent, and only 15.2 per cent of total expenditures are allocated to ALMP. Although the number of registered unemployed in the FBosnia and Herzegovina is more than two times higher than in RS, the total expenditure in the FBosnia and Herzegovina is nearly seven times higher than in the RS (O’Higgins, 2009: 41).
In 2010, 19,139 persons were included in programmes of active measures at the state level. Programmes of the Federal Employment and Cantonal employment services were the following:

- Programme of co-financing employment of the young without work experience (1,244 persons),
- Programme of employment of persons with disabilities (357 persons),
- Programme of employment of women (643 persons),
- Programme of self-employment and employment of returnees (607 persons),
- The training programme, additional training and retraining (1,600 persons),
- Programme of employment and self-employment of Roma (98 persons),
- Programme of preparation for employment "I will prosper!" (3,113 persons), and
- Info and motivational seminars (6,757 persons).

Programmes of the Employment bureau of the RS include:

- Project of co-financing employment of unemployed persons (2,348 persons), including demobilized veterans and persons in whose families no one is employed,
- Programme of co-financing employment of the young without work experience: "First job" (1,236 persons),
- Programme of support for employment of returnees (257 persons) and
- Programme of support for the Roma employment (73 persons).

Programmes of the Brčko District employment office include:

- Programme of employment of trainees (590 persons),
- Programme of preparation for the labour market (90 persons),
- Programme of employment of the older (45 persons),
- Programme for persons who have been registered with the employment office for more than five years (72 persons), and
- Programme of employment of Roma (9 persons).\(^\text{10}\)

ALMP measures, which are designed for the young and implemented by the Employment Agency of Bosnia and Herzegovina, are aimed primarily at young people with fairly high educational achievements. Data about the percentage of GDP which Bosnia and Herzegovina spent on ALMP are not available. Some information is available only for the entity FBosnia and Herzegovina. The following table is an overview of ALMP in the countries of the region:

\(^{10}\) Labour and Employment Agency of BiH, Bulletin No. 6, 2011.
Table 8 Expenditure on active labour market policy

<table>
<thead>
<tr>
<th></th>
<th>FBosnia and Herzegovina</th>
<th>EU27</th>
<th>EU15</th>
<th>Bulgaria</th>
<th>Hungary</th>
<th>Slovenia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure on active labour market policy (% GDP)</td>
<td>0.11</td>
<td>0.525</td>
<td>0.544</td>
<td>0.432</td>
<td>0.197</td>
<td>0.196</td>
</tr>
<tr>
<td>Expenditure by participant (EUR)</td>
<td>1.764,6</td>
<td>-</td>
<td>-</td>
<td>393</td>
<td>1.191,7</td>
<td>2.344,7</td>
</tr>
</tbody>
</table>


The data presented here confirm the fact that Bosnia and Herzegovina allocate insufficient funds for ALMP, not only in absolute terms but also as a share of GDP, compared with the above EU countries and with the region.

The current design and targeting of ALMPs does not fit the needs of the most vulnerable categories among the unemployed, i.e. those who face multiple disadvantages in accessing the labour market, such as individuals with a low level of education, displaced persons, refugees and members of the Roma population. Overall, both targeting and performance monitoring of ALMPs are poor, and the rigorous impact evaluation analyses have not been conducted.

The importance of measuring the absolute and the relative impact on men and women of the measures implemented by the employment services cannot be overestimated; it is as important for assessing the cost-effectiveness, relevance and impact of the interventions, as it is for drawing lessons for future programmes. In this respect, availability of the labour market information is essential for design and monitoring of the initiatives.

**Concluding remarks: Social exclusion of the young from the labour market in Bosnia and Herzegovina**

Social exclusion is a multi-faceted process, which includes both the economic deprivation and other forms of deprivation such as reduced opportunities for employment, education and training, lack of health care, being excluded in social networks, etc. A special form of exclusion of the young is their abstinence from participating in the society, or engaging in the closer or wider community, which is normally provided. Young people often choose to abstain from making any decision about themselves, because they think that it makes no difference whether they make a decision or not.

It has been pointed out several times in the paper that poor education and a lack of necessary skills are the leading cause of unemployment. On the one hand, in

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11 In previous papers and empirical studies of the phenomenon of social exclusion in the EU Member States, the focus has been only on the exclusion from the labour market.
Bosnia and Herzegovina there is no coherent system of education which meets the needs of the modern labour market, and on the other hand there is a problem with young people leaving education. In Bosnia and Herzegovina 22.4% of young people left school at the different level of schooling, and only 54% of students completed high school in due time (ILO, 2006: 55). Unemployment rates of the youth with primary education or lower are more than two times higher than the unemployment rate of young people with secondary education, and about eight times higher than the unemployment rate of the young with a university degree.

Young people enter the labour market when they are about 20 years old. The importance of qualifications is already evident in finding the first job, because young people who left education need more time to integrate into the labour market than their colleagues with acquired skills. There is a clear and direct link between the educational level and inclusion or exclusion in the labour market. Unemployment, poverty and social exclusion mostly affect people with lower educational levels. One of the biggest obstacles to the youth employment is the lack of experience. In Bosnia and Herzegovina 82.7% of the unemployed youth do not have any work experience (UNDP, 2007: 94).

To reduce the risk of poverty and social exclusion, the majority of EU members have extended compulsory education. Bosnia and Herzegovina introduced the extended primary education in 2004, so the elementary school lasts for nine years now. But, a significant number of young people cannot find the job even after completing high school, because the majority of vocational education in the schools is based on the traditional school curriculum (UNDP, 2007: 97).

In the structure of the young in Bosnia and Herzegovina there are some groups that are highly affected by social exclusion. Young Roma and returnees in areas of minority return, or the youth with disabilities are more at risk of social isolation and poverty. Young people with disabilities are multiply disabled people and they belong to a group of multiply vulnerable young people. Their own sense of abandonment has very real basis in their everyday life.

As a separate issue in the process of improving employment of the youth in Bosnia and Herzegovina, there is an issue of the employment services. Public Employment Service consists of Bosnia and Herzegovina institutions at the state level, there is one agency in each of the entities, and one in the District Brčko. In the Federation of Bosnia and Herzegovina, there is one employment agency in each canton and seventy-four municipal employment offices. The Employment service of the RS is organised in six regional offices and sixty-three municipal employment offices. Such a large number of institutions for the labour and employment requires significant resources for functioning, but we often talk about the inefficiency of this system.

The inability of the system to perform adequately its basic function has a negative impact on design of the policies and programmes in the labour market and
employment. Employment agency in Bosnia and Herzegovina spends most of its resources for registration of the unemployed, but it is unable to provide accurate and comparable statistics about the number and movement of the unemployed or about characteristics of job seekers. These data are very important for determining the multiple disadvantages of the individuals, as well as for the necessary action to be taken in order to address these threats in the labour market.

Thus, the facts presented here show that the state Bosnia and Herzegovina does not do enough or care enough for their unemployed citizens, in this case young people. To some extent, it is possible to speak of indifference and a lack of information of the young unemployed, but still it seems to be more about the real poverty of the policies and programmes for unemployed young people in Bosnia and Herzegovina.

The main recommendations and proposals to resolve the complex problems of social exclusion in the labour market in Bosnia and Herzegovina could be summarized as follows:

- To align the educational system with market needs. Make education more practical and useful for the future life of the individual and society;
- To reduce the number of the young leaving full-time education, and to work on promoting the learning process;
- To assess efficiency and effectiveness of the ALMP and to establish a system of performance indicators to monitor whether these programmes are adequately designed, targeted, sequenced and implemented. The focus on the youth with higher education in design of active measures should be reviewed and balanced with measures that target other groups which are more at risk of exclusion from the labour market, such as the long-term unemployed and the unemployed with low qualifications;
- It is necessary to work additionally on employment of Roma through programmes that would be able, in the context of social inclusion, to provide the entry of young unemployed Roma into the elementary and secondary vocational schools;
- The youth policy should ensure equal opportunities for the paid jobs for young women and young men, and equal protection against discrimination;
- In order to improve the position of the young, the attention should be paid to the activities and programmes of vocational guidance services, which advise young people on education and strengthen the entrepreneurial spirit of the young, provide access to the youth sports and recreational activities, satisfy the cultural needs and strengthen preventive health care of the youth;
- To form a partnership between the employment agencies and the unemployed;
- It is necessary to make an additional effort to inform and guide young people when they choose a school and an occupation.
For young people, inclusion in the labour market is the key to ensuring social inclusion. Indeed, working is not only a way of securing adequate financial means, it also allows us to keep in touch with society. The economic status and possibility of independence, status in society, way of spending free time, choice of the company, layout and organization of life and the meaning of life for the young: possibility of family planning, making plans for the future, fulfilment of desires etc., it all depends on employment status. Working is a meaningful way to fulfil one’s ambitions, to realize personal development, to learn new skills and qualifications, and to keep up to date.

References

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