

CONFERENCE ON EMPLOYMENT GROWTH- ON A ROAD TO RECOVERY

DRAFT

Youth Employment Forum: Conclusions and Recommendations

The Youth Employment Forum co-chaired by Professors Zbigniew Bochniarz (University of Washington, USA) and Anto Domazet (University of Sarajevo, BiH) attended about 40 participants. The Conclusions and Recommendations (C&R) from the Forum based on the five presentations, including the keynote address, and lively discussion with almost 20 discussants, including two members of BiH Parliament, and two moderators. There are five groups of C&R related to the delivered presentations and follow up discussions:

- A. The untapped potential of Social Entrepreneurs from NGO and non-profit sectors.
- B. Underutilized opportunities of students' jobs to decrease unemployment.
- C. Opening potential markets for domestic and foreign investors.
- D. Taking advantage of BiH human capital, natural conditions and location for agriculture.
- E. Reforming the relations between educational and business organizations.

A. The untapped potential of Social Entrepreneurs from NGO and non-profit sectors.

The Slovenian success story of Symbiozis – overcoming digital divide between old and young generations – indicates that there is a huge potential for successful applications of this model in BiH producing significant economic (jobs, incomes, knowledge and experiences) and social (social inclusion, collaborative relations between two generations based on mutual trust and understanding) benefits. In order to achieve those benefits the following conditions should be established:

- (1) Support the Social Entrepreneurship through introducing good conditions for NGOs and non-profit organizations – they create jobs, contribute to GDP, build Social Capital:
- (2) Eliminate barriers for development of the 3rd Sector (NGO & non-profit) and let them to contribute to local/regional wealth.
- (3) Utilize untapped knowledge and experiences of the inactive, particularly numerous older generations through collaborative networks with young generations by facilitating support from EU Social Fund and this way converting BiH liability into valuable assets.
- (4) Invest in development of the tele-communication, particularly in broadband network country-wide.

- (5) In order to scale-up a potential project to become a national network, project leaders should offer an inclusive, win-win approach for the all interested organizations in BiH.

B. Underutilized opportunities of students jobs to decrease unemployment

Slovenian successful project *My Experience* could produce similar results if the following conditions are prepared by policy makers:

- (1) Brake out existing barriers for student jobs and establish necessary legislative base for converting students' jobs into permanent jobs after graduation.
- (2) Invest in student job opportunities during their schooling years to give them the 1st contact with the labor market and to acquire 1st working experience.
- (3) Support student jobs that develop their soft skills – crucial for their future employability.
- (4) Record and recognize student jobs for their future regular jobs as the ILO-awarded practice *My Experience* indicates.
- (5) Treat student jobs as a stepping stone for regular jobs.

C. Opening potential markets for domestic and foreign investors.

The success story of *PREVENTA* from BiH provides an encouraging example that endogenous SME combined with solid foreign direct investments (FDI) could create competitive firms with well-paid jobs connected with the global supply chain. In order to replicate such case BiH should take the following steps:

- (1) Stop costly subsidizing few but largest BiH firms, with their semi-monopolistic positions preventing often development of SME, entrepreneurship, innovation and thus keeping BiH competitive.
- (2) Support development of SME and their clustering activities that proved to be a successful strategy for knowledge dissemination, innovation spillover and improving competitiveness in the most advanced countries, and seem to be promising in BiH in IT, automotive and agricultural industries.
- (3) Reduce the burden of taxes by eliminating some of them (e.g. forest, water or tourist fees if they do not support directly related activities – protection of forest and water quality and tourist development) and by introducing transparency and full accountability of spending the tax revenues.
- (4) Reduce significantly direct labor taxation – particularly new jobs for young and disable people – in the near-term and radically reform the whole taxation system in the mid- or long-term.
- (5) Introduce effectively e-government, particularly by issuing e.g. e-certificates confirming firm and land registrations, VAT payment, etc.
- (6) Support on-line education and training as equal for the traditional way of teaching.
- (7) BiH should take advantage of the proximity of the world largest EU market by opening its economy and promoting competitive exports.

D. Taking advantage of BiH human capital, natural conditions and location for agriculture.

The success story of BiH agricultural cooperative BIOS shows that even the traditional sectors as agriculture could be competitive if they have the right vision, strategy and consequent implementation

process. This sector has several natural factor conditions – high quality of soil, abundance of water, good climate conditions, and surplus of labor, relatively cheap electricity, and proximity of EU with opportunity to reach their market with fresh products within 10-15 hours – which create a unique competitive advantage for BiH. In order to use this potential for job creation and business development there is a need to introduce some policy and institutional changes such as:

- (1) Support endogenous, high value added organic agriculture by removing existing barriers
- (2) Convert subsidies for big commercial farms producing mainly industrial crops (cotton, corn & soya) to support education and training for individual and cooperative farmers needed for developing their high-value-added organic production.
- (3) Harmonize with EU the agricultural and food production standards to facilitate export development.
- (4) Remove barriers of land ownership transfer, particularly for the new highly-educated labor interested in moving to the countryside.
- (5) Attract investors to food processing industry to take advantage of fast growing organic agricultural production.

E. Reforming the relations between educational and business organizations.

The BiH NEST case with 95% of exported activities (products and services) to the most advanced economies clearly indicates that the country has a great potential of developing cutting edge industries. In order to retain and expand such industry heavily based on well-educated and talented human capital the necessary steps should be taken by the major BiH stakeholders:

- (1) Support the local talent development and retain them in BiH by opening possibilities for new sources of funding for cutting-edge inventions.
- (2) Open BiH universities for cooperation with industries, particularly with IT by letting them to share with their newest technologies.
- (3) Revise time allocated for Knowledge, Skills & Attitude Building in favor of the last two, including more soft-skills.
- (4) Collaborate closely with organizations from business, public or NGO sectors to get students involved in team work and solving real world problems.
- (5) Take advantage of alumni associations to learn about needed knowledge and skills in their industries.
- (6) Introduce incentives for faculty to focus on more practical problem solving for student diploma works.

Drafted by Zbigniew Bochniarz in consultation with the co-chair and with the most of the speakers.

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