



IntegrAGE project

POLICY RECOMMENDATIONS

Bosnia and Herzegovina



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1. Country and regional context

Demographic changes, including population aging and increased life expectancy, pose a challenge for the economic and social development of societies worldwide, including Bosnia and Herzegovina. These changes require adjustments in public policies to ensure sustainable economic growth, social cohesion and a high quality of life for the elderly population.

Due to longer life expectancy and declining birth rates, many countries are compelled to encourage workers to remain in the labor market for extended periods¹. This necessitates reforms in pension and healthcare systems, flexible working conditions and development of lifelong learning programs.

It is crucial not to overlook the fact that 55+ workers possess significant experience and knowledge that can contribute to the country's economic development. Without adequate policies for their integration, there is a risk of labor force depletion and reduced economic activity.

According to labor market research in Bosnia and Herzegovina², individuals over the age of 55 fall into the category of hard-to-employ workers, whom employers are reluctant to hire, especially if they lack specific skills required for the job. This target group is often viewed as homogeneous in terms of skills and is frequently grouped with migrants, women from rural areas, persons with disabilities, victims of violence, and similar vulnerable populations. The same research indicates that 63.9% of employers believe that this target group is not willing to acquire new knowledge and lacks skills in foreign language communication, entrepreneurship, self-initiative, and digital competencies.

People over the age of 50 constitute 32% of the labor force³, representing one-third of the total workforce. A slightly smaller proportion, 27.1%, of individuals within this age group are employed. One of the greatest challenges in employing individuals over 55, apart from their weaker adaptability to new market conditions, relates to health risks and the preservation of health⁴. Data from relevant institutions indicate that the largest portion of healthcare costs is allocated to treating diseases and health conditions associated with aging. Preventive healthcare receives less emphasis, despite being significantly more cost-effective than treatment.

Bosnia and Herzegovina is a complexly structured country where labor and employment policies are regulated at three levels of government: the entities (the Federation of Bosnia and Herzegovina and Republic of Srpska) and Brčko District BiH. Accordingly, each level of government enacts its own laws, policies, and employment strategies, which, despite certain specificities related to economic potential and demographics, are generally aligned in key aspects. However, the main difference lies in fiscal policy, which imposes different income tax rates on workers in the two entities, regardless of their age. Notably, the income tax in Republic of Srpska is lower compared to the Federation of Bosnia and Herzegovina.

¹ Obadić, A., Smolić, Š., (2007); *Ekonomске i socijalne posljedice procesa starenja stanovništva*; Prethodno priopćenje; UDK 314.8:331.5>(4), Izvor: <https://hrcak.srce.hr/file/59980>

² Agencija za rad i zapošljavanje Bosne i Hercegovine; (2023.); *Istraživanje tržišta rada u Bosni i Hercegovini*; <https://www.arz.gov.ba/Dokumenti/Fajlovi/Istrazivanje%20trzista%20rada%202022-2023.pdf>

³ Agencija za statistiku Bosne i Hercegovine, *Anketa o radnoj snazi 2023*; https://bhas.gov.ba/data/Publikacije/Saopštenja/2024/LAB_00_2023_Y1_1_HR.pdf

⁴ <https://www.mcp.gov.ba/Publication/Read/demografsko-starenje-stanovnistva-izazov-za-socijalne-politike>

Indicators show that only half of the working-age population in Bosnia and Herzegovina (aged 15-64) participates in the labor force (51.4%), compared to 73.4% in the EU. Low activity rates are primarily due to the low participation of women and older workers (aged 50 and above). Unemployed individuals over 55 rarely get employment opportunities, even if they were previously employed, and their annual employment rate is below 1%⁵.

It is important to emphasize that research⁶ indicates that the formal education system often fails to meet labor market needs. Therefore, reforms in the education sector are essential, including formal education reform, the recognition of non-formal and informal learning, improved networking among schools, employers, and employment intermediaries (such as employment agencies). Additionally, reducing administrative barriers and tax burdens is necessary to create employment opportunities and promote self-employment for hard-to-employ categories, including individuals over 55.

A particularly important development is that the Federation of Bosnia and Herzegovina, in its new draft Labor Law⁷, has introduced provisions for remote work. This allows individuals to work outside their employer's premises using information and communication technology (ICT), thereby creating opportunities for a more active approach to building digital competencies among individuals over 55.

2. Selected measures

2.1. Support for the education of individuals over 55 in the labor market in the context of developing “Soft skills,” Digital skills, and Modern business practices

- **Description of the measure**

One of the greatest challenges of 55+ workers face is the technological transformation of the labor market and the need for continuous learning. Many of them do not have opportunities for further education and retraining, which reduces their competitiveness in the labor market. For this reason, it is necessary to develop education and retraining systems, particularly in the areas of digital and IT skills, foreign language learning, lifelong learning and skills development programs where younger employees train their 55+ colleagues (which is not a common practice in Bosnian-Herzegovinian companies).

Discussions with stakeholders have revealed that individuals over 55 often lack digital competencies, struggle to adapt to new trends, and have limited foreign language skills, all of which are key barriers to their employment. At the same time, mentorship within companies is neither well-regulated nor

⁵Federalni zavod za programiranje razvoja (2023); Strategija zapošljavanja u Federaciji Bosne i Hercegovine (2023-2030); <https://fzpr.gov.ba/files/Strategije/Strategija-zaposljavanja-u-FBiH-2023-2030.pdf>

⁶Paočić, A. (2024); Prijedlozi i preporuke za izmjenu javnih politika; <https://caritas.ba/upload/file/Publikacije/Preporuke%20za%20javne%20politike%20prema%20mladima%20u%20Bosni%20i%20Hercegovini%20-%202009-09-2024.pdf>

⁷Federalno ministarstvo rada i socijalne politike (2025); Zakon o radu; Radni tekst; Član 29.; <https://api.fmrsp.gov.ba/files/8c8151b6-e0e3-499d-89ee-db2e2db7a984>

financially incentivized, and there is no clear motivation for younger employees to work with older colleagues. Additionally, public institutions rarely invest in the professional development of 55+ employees, whereas in the private sector, both employers and employees invest in knowledge and skill development, as these elements directly impact their market position and company success.

Based on the above, the following activities are proposed to ensure better competitiveness for individuals over 55:

- Develop specialized programs for digital and manual skills tailored to the labor market needs. These programs would enable 55+ workers to acquire relevant knowledge.
- Create subsidy programs for employers who provide internal training for workers aged 55+, reducing the risks of technological exclusion.
- Implement mentorship programs where experienced employees pass on their knowledge to younger colleagues, while younger colleagues support them in learning new skills in technologies. These mentorship programs can be integrated into employment contracts and collective agreements.
- Establish partnerships with educational institutions and NGOs to create flexible educational programs tailored to workers over 55.

Employment policies in Bosnia and Herzegovina include various subsidy programs and employer support measures, but they have limited reach in addressing the specific challenges faced by older workers. These programs are mostly implemented by Employment Institutes in the Federation of Bosnia and Herzegovina (FBiH), Republic of Srpska (RS), and Brčko District BiH. While beneficial for certain categories of unemployed individuals, they are not sufficiently adapted to the specific challenges of 55+ employees. Subsidies and training programs mainly target the general population or hard-to-employ groups but fail to consider key issues faced by 55+ employees, such as a lack of adapted workplaces, slower adaptation to new technologies and employer biases.

To improve this situation, it would be useful to develop programs specifically aimed at this target group of employees—through specialized training, incentives for employers to retain them in the working engagements and more flexible working conditions. Current measures are a step forward, but without further adaptation, 55+ employees will continue to be marginalized in the labor market. In this regard, support of the NGO sector is crucial, as it is more organizationally flexible than public institutions and has adequate personnel to meet the needs of individuals over 55.

- **Barriers and preconditions for successful implementation**

A lack of resources—whether financial, time-related or human resources—can significantly hinder the implementation of skills development measures for workers over 55. To overcome these challenges, careful planning, prioritization, and potential financial support from the state or other bodies are

required to enable employers to invest in the education of this category of employees. Without adequate support, this group may become marginalized in the labor market, and the market itself may lose valuable resources that come with their experience and skills.

Skill development programs often require significant financial investment, especially for 55+ employees who may have specific needs in terms of learning new skills and difficulties in adopting to new technologies. Digital skills, for instance, which are crucial in today's labor market, can be harder for older individuals to acquire due to low confidence in using new technologies. Furthermore, adapting workplaces, investing in specialized training and implementing mentorship programs can be costly, while many employers operate on limited budgets.

One way to improve skills is through mentorship programs where experienced 55+ employees help younger employees and vice versa. However, mentors also require training and support to effectively transfer their knowledge, which may demand additional resources. Introduction of such programs can be expensive and require extra time and personnel for coordination, supervision, and evaluation.

Many employers may lack the motivation to invest in the training of workers over 55, as they may see returns on investment only in the long term, whereas investing in younger workers yields quicker results. Employers who fail to recognize the long-term value of developing skills of 55+ employees may view such initiatives as unnecessary expenses. While financial incentives for employers can reduce these costs, they are often insufficient or not adequately tailored to employer needs.

- **Policy actors and instruments for implementation**

Given the specific nature of working with individuals over 55, implementing these measures requires synergy between the private, public and NGO sectors. Employers should take the initiative in developing new education and retraining programs according to company needs. On the other hand, the public sector—specifically the Ministry of Education and Science—should support the creation of programs, curricula and methodologies.

In Bosnia and Herzegovina, education falls under the jurisdiction of lower levels of government. In the Federation of Bosnia and Herzegovina, decisions on education are made at both, the entity and cantonal levels. In contrast, Republic of Srpska (RS) and Brčko District have a more centralized decision-making process. Employment Institutes at all government levels (FBiH, RS, and Brčko District), along with the Ministries of Labor and Social Policy, should also be involved in implementing these measures. It would be beneficial to develop specialized training programs for individuals over 55 and potentially create self-employment and employment programs for those who have completed specific training.

Contribution of the NGO sector and the academia should not be overlooked, as they have the capacity (infrastructure, human resources, expertise, and access to new technologies) to support the realization of these measures.

- **Impact Assessment**

The impact of these measures can be assessed through economic, social, and long-term aspects. Economically, these measures facilitate the easier integration of individuals over 55 into modern business environments, allowing them to utilize their potential and capacities while remaining productive in the workforce.

Socially, reducing the exclusion of this category of employees can significantly improve their psychosocial well-being and increase intergenerational collaboration.

In the long term, these initiatives contribute to a positive perception of 55+ employees and help establish a new balance in the labor market. These measures align with strategic documents that emphasize lifelong learning and the development of innovative knowledge and skills programs⁸.

Success indicators can be evaluated by monitoring the employment structure of individuals over 55 and assessing the demand for their continued employment, regardless of their age or proximity to retirement. It is also essential to define success metrics, such as employment rates of individuals over 55, the number of retraining programs and the retention of workers over 55 in their jobs.

2.2. Improvement of healthcare and preventive examinations

- **Description of the measure**

As working life extends, ensuring adequate healthcare for employees, particularly those over 55 years old, becomes increasingly important. The health status of workers in this age group can significantly affect their working ability, productivity and quality of life. Current healthcare system in Bosnia and Herzegovina does not provide sufficient support to the target group of employees, despite large public funding allocations for healthcare.

Proposed measures aim to improve preventive healthcare and reduce long-term treatment costs through early disease detection and better working conditions. Key activities include:

- Introduction of mandatory and free systematic health check-ups for 55+ employees to prevent occupational and chronic diseases. Regular check-ups allow for early disease detection, which can significantly reduce treatment costs and improve workers' health.
- Creation of financial and legal incentives for employers who implement health programs tailored to this specific group of employees. This includes risk assessments of the workplace, its adaptation (ergonomic chairs, work tools) and introduction of rehabilitation programs.
- Development of mental health programs and psychological support for 55+ employees to reduce stress and prevent professional burnout. Stress and mental strain can significantly affect the health and work efficiency of employees, specifically those in category of 55+ years old.
- Improvement of accessibility and quality of healthcare services by ensuring easier access to specialized examinations and adapting healthcare services to the specific needs of 55+ employees.

⁸ Strategija zapošljavanja Federacije Bosne i Hercegovine (2023-2030); Strategija zapošljavanja Republike Srpske (2021.-2027.); Strategija zapošljavanja Brčko Distrikta (2024.-2027.)

- **Barriers and preconditions for successful implementation**

Implementation of these measures may face several challenges:

1. Lack of healthcare personnel – number of doctors and medical staff in public health institutions is insufficient to support an increased volume of preventive check-ups, potentially leading to long waiting lists and postponed examinations.
2. Financial challenges – Although employers and workers already face high health insurance contributions, additional costs for employers (e.g., workplace adjustments or additional examinations) may be an obstacle to implementing the measures. A possible solution could be the introduction of tax incentives or subsidies for employers who invest in employees health.
3. Lack of awareness and motivation – 55+ employees often neglect regular check-ups, and employers do not always recognize the long-term benefits of these measures. Additional education and motivation for employees and employers about the importance of preventive healthcare are necessary.
4. Legal framework – As noted in discussions with stakeholders, the existing labor protection legislation recognizes the employer's obligation to ensure periodic medical check-ups only for workers engaged in jobs with increased health risks. Only in such cases is the employer required to provide periodic medical examinations to prevent disability and occupational diseases⁹.

- **Policy actors and instruments for implementation**

For the successful implementation of the proposed measures, involvement of various actors is necessary:

- Relevant ministries (Ministry of Health at the entity and cantonal level, Ministry of Labor and Social Policy) – Responsible for creating the legal framework, ensuring financial support and directing healthcare policies.
- Employers and business associations – Responsible for implementing health programs in the workplace and ensuring better working conditions for 55+ employees.
- Health Insurance Fund, public and private healthcare institutions – Ensuring budget allocations for public and private healthcare institutions to organize systematic check-ups, provide specialist services and support preventive programs.
- Syndicate – Advocating for workers' rights to preventive check-ups and improved healthcare services.

⁹ Zakon o zaštiti na radu FBiH, Član 22; Službene novine Federacije BiH; 79/20, od 30.10.2020

- **Impact Assessment**

Introduction of these measures would have multiple benefits:

- Increased worker productivity – Healthier workers are more efficient and can remain in the labor market longer, reducing the need for early retirement.
- Reduction of healthcare system costs – Early disease detection reduces the need for long-term and expensive treatments, positively impacting the public health budget.
- Improved quality of life for 55+ employees – With better health support, workers could stay active longer and feel more secure in the workplace.
- Reduction in sick leave and absenteeism – Preventive measures would lead to fewer sick leave days, thereby reducing employer costs.
- Positive impact on economic development – A longer working life and better healthcare protection can contribute to greater economic stability, as workers can contribute to the labor market for an extended period.

As emphasized during the stakeholder meeting, it is necessary to introduce mandatory preventive health check-ups for employees over 55 years old, financed through public-private sector cooperation. Regular check-ups would enable timely identification of health issues, improve work capacity and reduce treatment costs in later stages.

In conclusion, improving healthcare for 55+ employees is not only a matter of social responsibility but also economic feasibility. Timely introduction of systematic examinations and improvements in healthcare services can significantly enhance workers' quality of life and contribute to the sustainability of the workforce in Bosnia and Herzegovina.

2.3. Flexible work arrangements, Fiscal reforms, and Reducing age-based discrimination in employment

- **Description of the measure**

Many older individuals wish to remain active in the workforce, but due to health or family reasons, they are unable to work full-time. Flexible work arrangements can enable them to stay in the labor market longer while maintaining their quality of life.

Recommended measures include:

- Introducing remote work models and flexible working hours for older workers, allowing them to continue working with reduced physical strain and adapted work responsibilities. The new

Labor Law already recognizes remote work, but employers need to adjust their regulations and internal policies accordingly¹⁰.

- Developing and promoting the "Age-friendly Company" standard, which would recognize and certify companies that actively support older workers through tailored working conditions. This can also enhance the company's brand and reputation in the business world.
- Providing incentives for companies that implement flexible employment models, including tax relief, reduced contributions, or subsidies for adapted working conditions.
- Promoting self-employment and entrepreneurship among older individuals through grants and educational programs, facilitating economic activation for experienced workers who are excluded from the formal labor market.
- Reducing fiscal burdens on wages and payroll taxes for both employers and employees, while harmonizing tax contributions across Bosnia and Herzegovina to create more favorable conditions for hiring older individuals.

Age discrimination is one of the major challenges faced by workers over the age of 55 in Bosnia and Herzegovina. According to stakeholder discussions, although certain legal provisions exist to combat discrimination (e.g., the Civil Service Law), in practice, this category of employees are often unfairly excluded from employment opportunities, retraining, and professional development. Stakeholders emphasized that the prohibition of discrimination against workers aged 55+ in the labor market must be systematically regulated and actively monitored. Strengthening protective and supervisory mechanisms for the implementation of anti-discrimination measures is essential to ensure equal opportunities for all workers, regardless of age. This includes:

- Launching awareness campaigns on the contributions and competencies of 55+ employees in the labor market.
- Strengthening legal mechanisms to protect against employment discrimination and improving monitoring systems for law enforcement.
- Creating specific employment programs for 55+ employees, including subsidies for employers who hire them.
- Developing and promoting best practices for inclusive employment of this category of employees.

- **Barriers and preconditions for successful implementation**

The proposed measures may encounter several barriers that could hinder their implementation. Primarily, harmonizing the strategic, legal and fiscal frameworks is necessary to create the preconditions for successful implementation. Additionally, the following aspects need to be addressed:

- **Legal framework inconsistency:** Labor laws in Bosnia and Herzegovina are not harmonized across all levels and often do not recognize flexible work models. Furthermore, legal incentives for employers hiring 55+ employees are not provided.

¹⁰ Federalno ministarstvo rada i specijalne politike (2025); Zakon o radu; Radni tekst; Član 29.; <https://api.fmrsp.gov.ba/files/8c8151b6-e0e3-499d-89ee-db2e2db7a984>

- **Limited employer awareness:** Many companies are unaware of the benefits of flexible work arrangements and employment opportunities for employees of 55+ age.
- **Financial burdens:** Without adequate tax incentives and reforms, employers may perceive hiring this category of employees as financially unfeasible.
- **Stigma and discrimination:** There is a prevailing perception that 55+ employees are less productive or struggle to adapt to new technologies, reducing their access to job opportunities.
- **Unequal fiscal policies:** Differences in tax regulations across entities and cantons in Bosnia and Herzegovina may complicate the implementation of harmonized fiscal reforms.

- **Policy actors and instruments for implementation**

As with previous measures, the key actors involved in implementing these policies come from different sectors, including public, private, and civil society organizations. Collaboration among all stakeholders is essential for the full implementation of this measure. The following institutions play a crucial role:

- Ministry of Labor and Social Policy of the Federation of BiH, Ministry of Labor War Veterans and Disabled Persons' Protection of Republic of Srpska, and the Subdepartment for Social Protection of Brčko District – responsible for drafting legal frameworks that enable flexible work arrangements and protect 55+ employees.
- Ministries of Finance, tax administrations, and legislative bodies at all levels in Bosnia and Herzegovina – necessary for implementing fiscal reforms that reduce employment costs for 55+ employees.
- Employment agencies at all levels – involved in promoting self-employment and encouraging employers to hire 55+ employees through subsidies and grants.
- Chambers of commerce and business associations (at the cantonal, entity, and Brčko District levels) – play a key role in promoting the concept of "Age-friendly Company" and raising employer awareness.
- Civil society organizations – essential for education and awareness-raising regarding the importance of an inclusive labor market.
- Employers and syndicate (trade unions) – crucial for implementing flexible work arrangements and ensuring equal treatment for 55+ employees.

- **Impact Assessment**

The implementation of flexible work arrangements and fiscal reforms would have multiple positive effects:

- Increased employment of 55+ employees – enabling work under adapted conditions would reduce the number of older individuals leaving the labor market due to rigid work models.
- Reduced discrimination – greater inclusion of this category of employees in the workforce would decrease stigma and prejudice.
- Higher productivity and knowledge transfer – 55+ employees through mentoring and experience exchange could contribute to the development of younger employees.
- Fiscal benefits for the state – reducing unemployment and increasing the participation of 55+ employees in the economy would lower the need for social assistance.
- Improved quality of life – employment contributes to maintaining the mental and physical health of this category of employees, reducing isolation and the feeling of being unproductive.

3. Summary

In the context of increasingly pronounced demographic changes, such as population aging and reduced workforce, Bosnia and Herzegovina must develop comprehensive public policies that will facilitate integration of 55+ employees into the labor market. This approach requires a combination of strategic measures focused on lifelong learning, flexible work arrangements, improved healthcare, reduction of discrimination and fiscal support for employers.

Lifelong learning and tailored educational programs are essential for ensuring that older workers acquire relevant skills, enabling them to adapt to changes in the labor market. Continuous education not only enhances their competitiveness but also reduces the risk of social exclusion and contributes to their active participation in the economy.

Proposed public policy framework for integrating of this target group of employees into the labor market in Bosnia and Herzegovina should emphasize easier workforce integration through lifelong learning, flexible work arrangements, improved healthcare, reduced discrimination and business-friendly fiscal support for employers. This approach can help mitigate demographic challenges and support the country's sustainable economic development.

Implementation of the proposed policies outlined in this document can significantly contribute to reducing discrimination, increasing employability and improving the quality of life for this population while simultaneously bringing economic benefits to society as a whole.

4. Implications for action plan

The primary purpose of this document is to collect and analyze public policies, key strategies, and initiatives related to supporting the healthy adaptation and integration of the 55+

workforce into the labor market at the national level. These policies are evidence-based and aligned with the actual needs, aiming to provide recommendations for their improvement and future planning.

During the preparation of this document, a comprehensive review of existing policies and initiatives was conducted, along with an analysis of current labor market demands for knowledge and skills. Additionally, consultations were held with stakeholders who employ or support the employment of older individuals, specifically those aged 55 and above.

These demographic shifts require coordinated measures to ensure the active inclusion of older workers through systemic support, including education, improved healthcare services, fiscal reforms and reduction of discrimination.

It is essential to develop strategies that enable older workers (55+) to remain in the labor market for longer period by promoting flexible work arrangements, lifelong learning and improved working conditions. Successful examples of companies implementing inclusive employment policies should be highlighted, while the government should offer tax incentives and other benefits to employers who invest their resources in employment of the target groups of employees (55+).

Furthermore, strengthening intergenerational cooperation is crucial for the transfer of knowledge and experience, thereby enhancing workforce functionality and productivity. If adequately implemented, these measures can contribute to sustainable economic development, reduction of social inequalities and improved quality of life for older workers in Bosnia and Herzegovina.
