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## POLICYBRIEF

# JUSTMIG

## **Bridging the Skills Gap: Strengthening the Enforcement of the BH-Slovenia Bilateral Labour Agreement for Sustainable Workforce Management**

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### SUMMARY

This policy brief critically assesses the content of the bilateral labour agreement between Bosnia and Herzegovina (BiH) and Slovenia and presents available evidence on the worsening skills gap in BiH. Bilateral labour agreements are aimed at facilitating legal employment for migrant workers and may contribute to reducing unemployment in a source country facing limited employment opportunities, political instability, social insecurity and unattractive labour market opportunities. However, if certain conditions are not met, they may also contribute to a growing skills gap in a source country. The agreement provides a structured framework for the employment of BiH workers in Slovenia, ensuring the protection of their rights in the country of employment. It also includes provisions to limit the emigration of essential workers and protect the domestic

labour market, but the implementation of these provisions has not been used so far, although decision-makers have been warned of the need to implement this provision through available data and analyses on the state of the labour market and the needs for certain skills. As BiH loses skilled workers due to emigration, particularly in critical sectors such as construction, healthcare, and manufacturing, it increasingly relies on foreign labour, which suggests the presence of structural weaknesses in workforce planning. BiH, as well as other countries involved in signing bilateral agreements with the destination countries of their workforce, need to assure that they do not widen the skills gap in their countries. This requires meeting certain prerequisites, including improving the labour market data collection system, establishing more effective mechanisms for monitoring the emigration of not only workers but also their family members who migrate together, and adequate workforce planning.

## INTRODUCTION

The bilateral agreement between BiH and Slovenia on the employment of BiH workers in Slovenia, facilitates relatively straightforward employment procedures, granting BiH workers access to temporary and long-term positions in Slovenia. However, although the agreement provides for protection of the domestic labour market, there is very little evidence that mechanisms are being used to mitigate the negative consequences of brain drain or the loss of skilled workers in key sectors. This policy brief examines the agreement's role in perpetuating labour force imbalances in BiH, highlighting the urgent need to activate mechanisms for protecting the domestic labour market, as well as to introduce tools and policies for improved skills needs assessment, retention, and workforce development in the country of origin.

## CONTEXT

BiH has experienced sustained emigration of its labour force during the last three decades, with Slovenia emerging as one of the top destinations for its workers due to various factors. Emigration was to a large extent driven by the unfavourable economic conditions in a post-war and transition country facing high unemployment rates. The bilateral agreement between the BiH and Slovenia, signed in 2011 and revised in 2016, aimed at facilitating the recruitment of workers from BiH through a structured process, in such a context could have been considered a good decision. However, in the last years, BiH has significantly lowered its unemployment rate and is facing increasing skills shortages in specific sectors, which has forced employers in BiH to seek a labour force from South and Southeast Asia. Such developments require reconsidering the justification for and contents of the bilateral labour agreements with the destination countries of workers from BiH.

## ANALYSIS

According to an analysis conducted by the Labour and Employment Agency of Bosnia and Herzegovina (LEA-BiH)<sup>1</sup>, domestic employers face numerous challenges, including a shortage of

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<sup>1</sup> Bosnia and Herzegovina Labor and Employment Agency of Bosnia and Herzegovina (June 2024). *Analiza problema koje poslodavci imaju u pronalaženju potrebne domaće i strane radne snage sa prijedlozima za poboljšanje stanja*. (Analysis of the problems that

skilled labour, particularly in sectors such as construction, manufacturing, information technology, engineering, healthcare, and tourism. Various factors have contributed to this shortage, including depopulation, emigration, and the labour-education mismatch. In such a context, retention of the local labour force becomes one of the policy priorities, which requires revisiting bilateral labour market agreements.

The available evidence<sup>2</sup> suggests that bilateral agreement between the BiH and Slovenia, aimed at facilitating the recruitment of workers from BiH through a structured process, helps protecting their employment rights in Slovenia. However, the analysis of its contents suggests that, although it contains some provisions aimed at limiting the emigration of skilled workers deemed essential for the domestic labour market, the agreement still prioritizes its purpose of meeting demands of employer in Slovenia. As outlined in the Agreement and its implementation protocol<sup>3</sup>, employment contracts must be issued for at least one year, with residence permits granted for up to three years. It also includes a provision that a worker needs to have a formal unemployment status in BiH. Although the existence of a bilateral employment agreement, which regulates migration flows, protects workers, and can reduce the extent of informal migration, brings certain benefits and contains provisions that should protect the domestic labour market, available data indicate that the implementation of these provisions has not been utilised and, as a result, cannot adequately protect the country of origin from negative economic and social consequences. For example, there is no obligation for workers to return to BiH upon the expiry of their contract, as was the case under the bilateral agreement between the former Yugoslavia and Germany, except in situations where the work permit expires or when a worker voluntarily returns to BiH, in which case the country of origin is responsible for reintegrating the returnee into the social security system. Moreover, there are no comprehensive labour market needs assessment tools in place in BiH to ensure that the agreement's provision of source country labour market protection is adequately implemented.

There is limited evidence to support the argument of the impact of such a lack of provisions or inadequate implementation of certain provisions in bilateral agreements on a source country's skill shortages. Available statistics show that almost 100,000 workers from BiH were residing in Slovenia in 2022, with employment being the main reason for emigration to Slovenia for 74% of those who had their permit issued in 2022 for the first time<sup>4</sup>. However, there are no data on the skills of workers and members of their families emigrating from BiH — only on the occupations requested by employers in Slovenia,<sup>5</sup> which may not necessarily match the actual occupations or highest education levels of migrant workers (i.e. brain waste). Moreover, previous research on emigration from BiH<sup>6</sup> suggests that family reunion and other types of chain migration are

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employers have in finding the necessary domestic and foreign workforce with suggestions for improving the situation) , accessed 16 May 2025 <https://www.arz.gov.ba/Dokumenti/Fajlovi/Analiza%20final.pdf>

<sup>2</sup> Oruč, N & Kurta, A. (2024). Background report for Bosnia and Herzegovina. JUSTMIG: Sustainable and socially just transnational sectoral labour markets for temporary migrants.

<sup>3</sup> *Sporazum između Vijeća ministara Bosne i Hercegovine i Vlade Republike Slovenije o zapošljavanju državljana Bosne i Hercegovine u Republici Sloveniji* (Agreement between the Council of Ministers of Bosnia and Herzegovina and the Government of the Republic of Slovenia on the employment of citizens of Bosnia and Herzegovina in the Republic of Slovenia), accessed 16 May 2025, [https://mcp.gov.ba/attachments/bs\\_Migrirani\\_dokumenti/Spektori/Zapo%C5%A1ljavanje/Medjunarodna\\_rad\\_i\\_zaposljavanje\\_/Sporazum\\_o\\_zap\\_BiH\\_Slovenija\\_bosanski\\_jezik\\_bih\\_alt.doc](https://mcp.gov.ba/attachments/bs_Migrirani_dokumenti/Spektori/Zapo%C5%A1ljavanje/Medjunarodna_rad_i_zaposljavanje_/Sporazum_o_zap_BiH_Slovenija_bosanski_jezik_bih_alt.doc)

<sup>4</sup> Oruč, N & Kurta, A. (2024). Background report for Bosnia and Herzegovina. JUSTMIG: Sustainable and socially just transnational sectoral labour markets for temporary migrants. Accessed 16 May 2025, [https://cehsi.sk/media/datasource/JUSTMIG\\_background\\_report\\_BiH\\_29042024.docx\\_-\\_Google\\_Docs.pdf](https://cehsi.sk/media/datasource/JUSTMIG_background_report_BiH_29042024.docx_-_Google_Docs.pdf)

<sup>5</sup> According to the latest data on job vacancies from Slovenia looking for workers from BiH in 2024, provided by LEA-BiH internal records, the most in-demand occupations were production workers, welders, construction workers, electrical professionals, and drivers.

<sup>6</sup> International Organization for Migration (IOM) (2022). Emigration of Health and Information and Communication Technology Professionals from Bosnia and Herzegovina: Challenges and Opportunities. IOM, Sarajevo.

common.<sup>7</sup> There is no evidence on the occupations or skills of these migrants, which also limits the understanding of the skills impact of such agreements and reduces the ability of a source country to respond with appropriate policies. Altogether, these factors have contributed to a widening skills gap, as the country loses trained professionals without an effective strategy to replenish its workforce. The lack of targeted retention strategies or reintegration programs for returnees to the country of origin exacerbates the skills gap, leaving domestic employers unable to fill vacancies in critical industries.

Another trend visible in the statistics that may support the argument of widening the skills gap in BiH is the increasing number of work permits issued in BiH for foreign workers, particularly in the sectors from which Slovenian employers recruit workers from BiH. Recent data indicate that most new work permits in BiH are granted for employment in construction and manufacturing, followed by services, hospitality, and retail<sup>8</sup>. The trends suggest a policy paradox: while BiH has bilateral agreements in place that facilitate labour emigration to meet foreign labour demands, it simultaneously faces the need to import workers to compensate for domestic labour force shortages. The reliance on foreign labour as a short-term solution highlights structural weaknesses in workforce planning.

## CONSIDERATIONS

The bilateral agreement between BiH and Slovenia includes a provision allowing BiH to restrict the emigration of certain occupational groups if labour market analysis indicates that their departure would threaten domestic workforce stability. However, despite this provision, available data suggest that such an analysis is either not being conducted effectively or is not being used to inform policy decisions. The continuous outflow of workers in key sectors—particularly construction, manufacturing, and healthcare—directly correlates with the increasing number of work permits issued to foreign workers in BiH, highlighting a persistent skills gap. If the labour market assessment mechanism prescribed in the agreement were properly implemented, BiH would be able to mitigate the loss of critical workforce segments and strategically manage labour migration flows. Instead, the country faces a paradoxical situation: while legal provisions exist to prevent excessive labour depletion, in practice, no effective restrictions are in place, and domestic labour shortages continue to deepen.

## CONCLUSION

The bilateral labour agreement between BiH and Slovenia provides a structured framework for legal employment, offering BiH workers improved job opportunities and ensuring worker protections. However, the long-term consequences of this agreement for the labour market in BiH are concerning, not only because of its provisions and the weak implementation of mechanisms for protecting the domestic labour market, but also due to the lack of workforce retention policies and the continuous development of the domestic labour market. The agreement facilitates the emigration of skilled workers, particularly in sectors already experiencing shortages, further

<sup>7</sup> Schmitz-Pranghe, C., Oruč, N., Mielke, K., & Ibričević, A. (2020). Making sure that the emigration of health-care personnel from Albania and BiH works for all: What Germany can do (No. 8). BICC

<sup>8</sup> Bosnia and Herzegovina Labor and Employment Agency of Bosnia and Herzegovina (June 2024). Izvještaj o izdatim radnim dozvolama u Bosni i Hercegovini za period 01.01. – 31.12.2024. godine. Report on issued work permits in Bosnia and Herzegovina for the period 1 Jan to 31 Dec 2024.

exacerbating the country's skills gap. Although there is a provision that allows for restricting the departure of workers from critical occupations, it is not being implemented, despite available analyses indicating shortages of qualified labour in BiH, as well as the lack of adequate assessments for planning future skills needs. As a result, BiH is caught in a cycle of labour depletion and reliance on foreign workers to fill domestic shortages. Without targeted workforce retention strategies, reintegration programs, and stronger labour market policies, BiH risks sustaining long-term economic instability and deepening structural imbalances.

## POLICY RECOMMENDATIONS

The evidence presented here suggest that source countries signing bilateral agreements with more developed countries need to continuously monitor and assess the impact of such agreements on a domestic labour market and to develop tools and policies to reduce the negative impact on skills availability in a country. The tools and policies include a combination of provisions in the agreement that will protect domestic labour market and tools that will ensure effective implementation of such provisions, such as a more detailed analysis and forecasting of occupational demand at the local labour market that can enable better workforce needs planning.

To mitigate the negative effects of labour emigration, future bilateral labour agreements concluded by BiH should include provisions that ensure the protection of the domestic labour market, as well as a clear methodology and reliable data to assess domestic labour market needs. Strengthening the labour market information system in BiH is essential to enable evidence-based policymaking, particularly in enforcing the agreement's provision to limit the emigration of workforce in critical sectors. Additionally, reintegration programs should be developed to facilitate the return and employment of BiH workers, ensuring knowledge transfer and skill utilization in the domestic economy, which would result in better utilisation of circular migration flows. In addition, BiH should implement a comprehensive workforce retention strategy that includes financial and non-financial incentives for skilled workers in key sectors.

