

# Common Country Assessment Bosnia and Herzegovina 2013



**Common Country  
Assessment  
Bosnia and  
Herzegovina  
2013**



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# Abbreviations

<b>BiH</b>	Bosnia and Herzegovina
<b>BiH CC</b>	Constitutional Court of Bosnia and Herzegovina
<b>CCA</b>	Common Country Assessment
<b>CEB</b>	Council of Europe Development Bank
<b>CEDAW</b>	Convention on the Elimination of All Forms of Discrimination against Women
<b>CMW</b>	Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families
<b>CRC</b>	Convention on the Rights of the Child
<b>CSO</b>	Civil Society Organization
<b>DB</b>	District Brcko
<b>DEI</b>	Directorate for European Integration
<b>DEP</b>	Directorate for Economic Planning
<b>DPA</b>	Dayton Peace Agreement
<b>DRR</b>	Disaster Risk Reduction
<b>EC</b>	European Commission
<b>ECHR</b>	European Court of Human Rights
<b>EE/RES</b>	Energy Efficiency/ Renewable Energy Systems
<b>EU</b>	European Union
<b>EUPM</b>	EU Police Mission
<b>EUROSTAT</b>	Statistical Office of the European Union
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FBiH</b>	Federation of Bosnia and Herzegovina
<b>FDI</b>	Foreign Direct Investment
<b>GBV</b>	Gender Based Violence
<b>GDP</b>	Gross Domestic Product
<b>GFAP</b>	General Framework Agreement for Peace
<b>HDI</b>	Human Development Index
<b>ICMP</b>	International Commission on Missing Persons
<b>ICTY</b>	International Criminal Tribunal for the Former Yugoslavia
<b>IDP</b>	Internally displaced person
<b>ILO</b>	International Labor Organization
<b>IMF</b>	International Monetary Fund
<b>IOM</b>	International Organization for Migration

<b>IPA</b>	EU Instrument for Pre-Accession Assistance
<b>LFS</b>	Labor Force Survey
<b>LLRM</b>	Local Level Risk Management
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MDG</b>	Millennium Development Goal
<b>MEA</b>	Multilateral Environmental Agreement
<b>MICS</b>	Multiple Indicator Cluster Survey
<b>MoFT</b>	BiH Ministry of Finance and Treasury
<b>NATO</b>	North Atlantic Treaty Organization
<b>NGO</b>	Non Governmental Organization
<b>ODA</b>	Official Development Assistance
<b>OHCHR</b>	Office of the United Nations High Commissioner for Human Rights
<b>OHR</b>	Office of the High Representative
<b>OSCE</b>	Organization for Security and Cooperation in Europe
<b>PHC</b>	Primary Healthcare
<b>RCO</b>	Resident Coordinator's Office
<b>RHP</b>	Regional Housing Programme
<b>RS</b>	Republika Srpska
<b>SAA</b>	Stabilization and Association Agreement
<b>SALW</b>	Small Arms and Light Weapons
<b>SEE</b>	South East Europe
<b>SIPA</b>	State Investigation and Protection Agency
<b>SV</b>	Sexual Violence
<b>THB</b>	Trafficking of Human Beings
<b>UN</b>	United Nations
<b>UNCT</b>	United Nations Country Team
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDP</b>	United Nations Development Programme
<b>UNEP</b>	United Nations Environment Programme
<b>UNESCO</b>	United Nations, Educational, Scientific and Cultural Organization
<b>UNFPA</b>	United Nations Population Fund
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>UNICEF</b>	United Nations Children's Fund
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>UNOHCHR</b>	United Nations Office for the High Commissioner for Human Rights
<b>UNV</b>	United Nations Volunteers
<b>VWS</b>	Victims and Witnesses
<b>WB</b>	World Bank
<b>WHO</b>	World Health Organization

# Introduction

The situation in Bosnia and Herzegovina (BiH) is highly complex and challenging. Authorities and communities continue to grapple with the political, economic, and social consequences of the devastating war that occurred from 1992 to 1995. Despite the evident progress made during the initial post-conflict period and the support provided by the international community, progress has slowed and, in some areas, been reversed over the past six years. Today, BiH is facing challenges in terms of its internal functioning, governance, and its progress towards European Union (EU) membership. Political impasse and institutional deadlock over matters such as governance and rule of law, and the EU accession process highlight the difficulties in finding compromise and a common vision for moving BiH beyond the legacy and divisions of the war. One challenge is the absence of a national development planning process and state-wide agreed development objectives and priorities. Efforts to establish an efficient and effective internal coordination mechanism, which is a key condition for EU integration, have yet to offer a solution acceptable to all BiH authorities.

Within this context, the United Nations Country Team (UNCT) in BiH initiated the preparation of the Common Country Assessment (CCA) in April 2013, under the direction of the Office of the United Nations Resident Coordinator (RCO), and with support from resident and non-resident United Nations (UN) agencies. This CCA aims to assess the status of development challenges in BiH and to provide a basis for the UNCT and country partners to identify priorities for the next United Nations Development Assistance Framework (UNDAF) for the period 2015-2019. It draws on

existing UN analytical work, ongoing close consultations between UN agencies, line-ministries and civil society, and builds on state-wide policies such as the Revised Strategy for Implementation of the Annex VII of the Dayton Peace Accords, State of Environment Report, 2013 Millennium Development Goals (MDGs) Progress Report for BiH, 2012 Multiple Indicator Cluster Survey, the National Employment Policy, and other sector-related strategies adopted by the BiH authorities. An online survey about the UN's comparative advantages in BiH was also conducted to better understand the perceptions of partners about the areas in which UN assistance may yield the biggest impact.

This CCA goes beyond a traditional assessment of developmental challenges to examine the political and conflict dynamics in the country. This provides the UNCT and country partners with a more comprehensive analytical platform for strategic planning. A public opinion poll was conducted in May 2013 (the UN Conflict Analysis Survey)<sup>01</sup> to examine the opinions and attitudes of citizens about the current challenges in BiH, including issues related to reconciliation, war, and the role of international community. By using a human rights-based approach, the CCA highlights a number of issues which also merit attention, and where the support of agencies of the UN system is deemed to be essential.

The potential priority areas described in section III represent opportunities for the UNCT and country partners to agree on and deliver more coherent and effective development results at national and sub-national levels.

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<sup>01</sup> Survey conducted by the Prism Research commissioned by the Office of the UN Resident Coordinator in BiH.



# 01.

## National Development Context





# 01.

# National Development Context

<b>Official name:</b>	Bosnia and Herzegovina (most commonly abbreviated as BiH)
<b>Capital city:</b>	Sarajevo
<b>Other major cities:</b>	Banja Luka, Bihać, Mostar, Tuzla, Zenica
<b>Geographic location:</b>	South Eastern Europe, borders with Croatia (932km), Serbia (312km) and Montenegro (215km)
<b>Area:</b>	51.209 km <sup>2</sup>
<b>Population:</b>	3,791,622 (2013) <sup>02</sup>
<b>Religions:</b>	Muslim (44%), Orthodox Christian (32%), Roman Catholic (17%), Others (7%)
<b>Ethnic groups:</b>	Bosniaks, Serbs, Croats and others
<b>Languages:</b>	Bosnian, Serbian, Croatian (all official)
<b>Administrative organization:</b>	Two entities (Federation of BiH and Republika Srpska) and Brcko District of BiH
<b>Government Structure:</b>	BiH is a parliamentary democracy with a bicameral parliament (House of Representatives and House of Peoples), a three-member rotating presidency, a Council of Ministers, and Constitutional Court
<b>GDP:</b>	USD 17.8 billion (2012)
<b>GDP per capita:</b>	USD 4,639 (2012)
<b>Currency:</b>	Konvertibilna Marka (BAM-official; KM-common use)
<b>Exchange rate:</b>	1 EUR = 1.95 KM (fixed exchange rate), 1USD = 1.441 KM (UN Official Exchange Rate at 01 February 2014)
<b>Landforms:</b>	Rugged, mountainous terrain, with the Dinaric mountains dominating the landscape. The highest point, Mt. Maglic, rises to 2,387m. Thick forests cover almost 50% of the country. In the north, along the Sava River valley, a hilly, fertile plain stretches east to west. The country has 23 km of coastline in the southwest, providing access to the Adriatic Sea.
<b>Climate:</b>	Winters can be very cold with a lot of snow, especially in the hills and mountains. Summers are generally warm and comfortable.
<b>Latitude/longitude:</b>	44 N, 18 E
<b>Time zone:</b>	CET (GMT + 1 hour)
<b>Internet domain:</b>	.ba
<b>Int. telephone code:</b>	+387

Source: Foreign Investment Promotion Agency of BiH ([www.fipa.gov.ba](http://www.fipa.gov.ba)) and BiH Agency for Statistics ([www.bhas.ba](http://www.bhas.ba))

<sup>02</sup> Preliminary 2013 Census results, November 2013.

## A. Historical Background

While the end of the 1992-95 war in BiH was marked with a concrete event, namely the signing of the General Framework Agreement for Peace (GFAP) in Paris on 14 December 1995, the exact starting date of the 1992-1995 war is difficult to pin down. Following the collapse of communism throughout the former Eastern Bloc, the implications of this historical process were also reflected in the former Yugoslavia, which consisted of six federal republics and two autonomous regions.<sup>03</sup> The communist system that had kept the country intact for nearly 50 years was rapidly losing its ideological influence. Meanwhile, nationalistic antagonism between the federal republics was on the rise, threatening the country's stability and integrity. The objective of the Serbian political leadership to preserve a centralised system, and the goals of other federal republics, primarily Slovenia and Croatia, for greater decentralisation, seemed irreconcilable. Following proclamations of independence by Slovenia and Croatia in June 1991, armed conflicts erupted, firstly in Slovenia, then later in Croatia, between the Yugoslav People's Army (JNA) and local police and Territorial Defense forces.

Ethnically and religiously mixed, BiH found itself in a difficult position at the onset of the conflict in the former Yugoslavia. According to the 1991 census,<sup>04</sup> 45% of the population declared themselves ethnically as Muslims,<sup>05</sup> 31% as Serbs, 17% as Croats, 6% as Yugoslavs.<sup>06</sup> Whereas Serb politicians in BiH advocated the continuation of the Yugoslav union, Croat politicians in BiH openly called for BiH's independence. The Muslim political leadership initially attempted to form a compromise between the two options. However, as the political conflict intensified, the support for independence became stronger. On 29 February and 1 March, 1992, BiH organised a referendum on independence, which was for the most part boycotted by the Serb population. The turnout was reported as 63%, with 93% of voters voting in favor of independence. The European Commission recognised BiH

as an independent country on 6 April, followed by the United States' recognition on 7 April, 1992. On 22 May, 1992, BiH was admitted to the UN as a new member. The international recognition of BiH intensified sporadic armed clashes in Sarajevo and other parts of BiH into an open conflict between the Yugoslav Army and the Serb local police and paramilitary forces on one side, and the BiH Territorial Defense, police and paramilitary forces on the other. Hence, the events surrounding the international recognition of BiH are generally associated with the beginning of the 1992-95 war.

The number of war casualties in the 1992-95 war in BiH has been frequently disputed and politicised. The lack of accurate and official data also contributes to the difficulty of establishing precise figures. The UN sources set the total number of casualties at some 105,000.<sup>07</sup> In regards to missing persons, the International Commission on Missing Persons (ICMP) indicates that out of an approximate population of 3.4 million at the end of the conflict in 1995 an estimated 30,000 persons were unaccounted for. Today, the fates of an estimated 10,000 persons remain unknown.<sup>08</sup>

UNHCR estimates that BiH hosts 103,000 internally displaced persons (IDPs), of whom 8,500 still live in dilapidated temporary collective centre accommodation, while a further 15,000 live in 'alternative' housing. Some 47,000 minority returnees have not been able to find sustainable living solutions, and 7,000 refugees from Croatia need help to integrate locally or repatriate voluntarily. Of the 2.2 million people who were forced to leave their homes, both within BiH and outside its borders, 1.2 million left as refugees.<sup>09</sup>

The internationally brokered GFAP was negotiated by representatives of the parties involved in the conflict, including the neighboring Republic of Croatia and the Federal Republic of Yugoslavia, at US-led talks in Dayton, Ohio, in November 1995. On 21 November, the parties successfully concluded negotiations, and on 14 December 1995, they signed the GFAP in

<sup>03</sup> Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia (with two autonomous regions Kosovo and Vojvodina), and Slovenia.

<sup>04</sup> BiH conducted the next census, the first one since 1991, in October 2013.

<sup>05</sup> At the time of the 1991 Census, the category "Muslim" implied religious as well as ethnic identity. The term Bosniak was re-introduced in 1993.

<sup>06</sup> Institute for Statistics of the Federation of BiH: <http://www.fzs.ba/index.html>.

<sup>07</sup> [http://www.icty.org/x/file/About/OTP/War\\_Demographics/en/bih\\_casualty\\_undercount\\_conf\\_paper\\_100201.pdf](http://www.icty.org/x/file/About/OTP/War_Demographics/en/bih_casualty_undercount_conf_paper_100201.pdf)

<sup>08</sup> <http://www.ic-mp.org/>

<sup>09</sup> <http://www.mhrr.gov.ba/PDF/Izbjeglice/Revidirana%20Strategija%20BiH%20za%20provedbu%20Aneksa%20VII%20DMS.pdf>

Paris. The GFAP established BiH as a state comprising two Entities, each with a high degree of autonomy: the Federation of Bosnia and Herzegovina (FBiH)<sup>10</sup> and the Republika Srpska (RS), as well as the self-governing District of Brcko (DB) under the direct authority of the State level government.

The constitution of BiH is directly derived from the GFAP. It created a complex, and rather expensive governing structure in BiH, with 14 executive governments, 14 prime-ministers, over 130 ministers, 3 presidents, 2 entity presidents, 4 deputy entity presidents, etc. Ambiguity as to the division of responsibilities between various government levels and the provision of numerous veto possibilities in the decision making process have contributed directly to the political polarization in the country and frequent institutional deadlocks.

The State level BiH government was granted limited responsibilities under the 1995 GFAP. These included foreign policy, foreign trade policy, customs policy, monetary policy, financing of the institutions and international obligations of BiH, immigration, refugee and asylum policy and regulation, international and inter-entity criminal law enforcement, including relations with Interpol, establishment and operation of common and international communications facilities, regulation of inter-Entity transportation and air traffic control. Additional responsibilities<sup>11</sup> have been assigned to the State level government in the years following the conflict, for which the BiH Constitution provides a legal basis. However, in most instances, these were established through decisions of the High Representatives in BiH.<sup>12</sup>

## B. Political Overview

Transition for BiH from a post-conflict country towards a modern, EU-oriented society is hampered by a political impasse at the State and Entity levels that has slowed the country's reform process.

Almost two decades after the war, BiH leaders and citizens are still unable to fully overcome ethnic, ideological and political divisions. The country has been unable to find a consensus in regards to its past and future pathways. Due to these rifts, citizens, leaders and civil society in BiH have been unable to resolve the multitude of challenges that are hindering the country's development process and political, social and economic stability. These divisions along ethnic/national, regional, economic, religious and social lines are likely to remain in the run up to the 2014 elections and beyond. Strong concerns have been expressed by the international community and civil society that the country's political parties focus their efforts more on maintaining their voter bases rather than addressing the needs of the population. If current negative trends are not reversed, there is a growing risk that the political, economic and social situation on the ground could undermine reform processes in BiH, and potentially destabilise the country.<sup>13</sup>

The international community bears some responsibility for the current situation. The strong interventionist approach adopted in the early recovery years, characterised by the imposition of laws and the removal of officials, has discouraged local ownership and encouraged a certain level of dependency on the international community to resolve domestic problems. Attempts to facilitate deeper structural change through constitutional reform, such as the "April package" of 2005-2006 and the December 2009 ruling of the European Court of Human Rights (ECHR) in the case *Sejdić and Finci v. BiH*,<sup>14</sup> have not been successful.

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<sup>10</sup> The Federation of BiH Entity is further divided into 10 Cantons.

<sup>11</sup> Security and defense, indirect tax administration, justice, etc.

<sup>12</sup> The mandate of the High Representative is set out in Annex 10 of the GFAP. It declares the High Representative the final authority in interpreting civilian implementation of the peace settlement.

<sup>13</sup> The Fund for Peace and its Failed States Index ranks 2013 BiH as number 83, the worst by comparison with the countries of the former Yugoslavia.

<sup>14</sup> In December 2009 the European Court of Human Rights (ECHR), acting on two separate applications lodged by Dervo Sejdić, a Roma, and Jakob Finci, a Jew, against Bosnia and Herzegovina, ruled that parts of the BiH constitution, earmarking certain posts to members of specific ethnicity, violate the rights of minorities; ECHR decision, applications 27996/06 and 34836/06. As a result, BiH has to adopt a new mechanism for electing its Presidency and House of Peoples.

## C. Socio-economic Overview and Macroeconomic framework

### 01. Poverty Dynamics

According to the Household Budget Survey conducted in 2011,<sup>15</sup> 18% of the population was living in relative poverty and every sixth household in the country was poor. The relative poverty threshold was stated as BAM 416 (USD297) per month per equivalent adult. Poverty was more distinct in RS, where almost every fifth inhabitant was poor. The lowest level of poverty was found in Brcko District, where almost every seventh inhabitant lived in relative poverty. According to the World Bank (WB) methodology, in 2011, 15.0% of the population lived below the General Poverty Line set at BAM 235 (USD167) per month per equivalent adult, which represented an increase in poverty of 0.6% compared to 2007.<sup>16</sup>

The consumption expenditure of poor households in BiH was, on average, 25% below the poverty line. The distribution of equalised consumption expenditure was disparate - 20% of the richest households spent nearly 5 times more than 20% of the poorest households. While inequality was higher in FBiH than in other parts of the country (5.2 compared to 4.4), the poverty was lesser in FBiH (17%) than in RS (19%).<sup>17</sup> In 2011, the average monthly household consumption expenditure was BAM 1,569 (USD1,120) while the net average wage in 2011 in BiH was BAM 816 (USD582). The largest share of the average monthly consumption expenditure of households was spent on food and beverages at 31%, while housing, electricity, gas and other fuels accounted for 24%. A large part of the expenditure (11%) was related to transportation, which included the purchase and use of transportation means, and expenditure on passenger transport services. Average monthly consumption expenditure was 20% higher in urban than in rural/semi-urban households.

<sup>15</sup> The survey was conducted over the period 01.01.-31.12.2011 using a final sample of 7,400 households. Agency for Statistics of BiH.

<sup>16</sup> Within the project "Development, Testing and Guidance for Implementation of New Methodology(ies) for the Targeting of Non-contributory Cash Benefits in Bosnia and Herzegovina" and based on the HBS 2011, IBHI calculated the absolute poverty line for BiH for 2011 using the World Bank methodology from 2007 and previous years (205 BAM per capita in 2007 prices).

<sup>17</sup> BHAS, HBS 2011

<sup>18</sup> Public Opinion Poll, Prism Research, commissioned by the UN RC Office, May 2013.

<sup>19</sup> Central Bank of Bosnia and Herzegovina, Quarterly bulletin no. 3, November 2013.

<sup>20</sup> IMF, Bosnia and Herzegovina: Fifth Review Under the Stand-By Arrangement and Request for Waivers of Applicability and Extension and Augmentation of the Arrangement (February 2014)

<sup>21</sup> Central Bank of Bosnia and Herzegovina, Quarterly bulletin no. 3, November 2013.

### 02. Socio-economic Overview

BiH is facing numerous serious economic, governance and social challenges. Years of political deadlock, proliferation of corruption, a highly complex system of governance and high unemployment, combined with the global and regional economic downturn, have negatively affected the economy, putting social services, pensions, and healthcare systems under stress. This view is reflected in the UN Conflict Analysis Survey, in which more than half of the respondents stated they were not satisfied with the current, in particular financial, situation of their households.<sup>18</sup>

BiH requires an overhaul of its economy and administration, and reform of its education, health, social and pension systems. GDP is attributed mainly to public spending, and renewed efforts are needed to boost private sector development, investment and trade. Such actions will require consensus amongst BiH's citizens, civil society and decision makers to improve the investment climate.

### 03. Macroeconomic framework

The macroeconomic situation in BiH is characterised by two key, negative processes:

- **Economic stagnation:** Current real GDP is lower than in 2008 after a series of recession years throughout this period (2009/2008 -2.8%, 2010/2009 +0.7%, 2011/2010 +1.0%, 2012/2011 -1.1%).<sup>19</sup> Growth is estimated to have reached close to 1% in 2013 and is projected to pick up further in 2014 in line with developments in Europe<sup>20</sup>
- **Increase of external and internal public debt:** In 2012, the external debt of the government sector in BiH increased, and by the end of the year it amounted to BAM 7.15 billion (USD4.96 billion). This is BAM 494 million (USD342.8 million) higher than at the end of 2011. Expressed in percentage of GDP, the situation pertaining to government external debt amounted to 27.9%.<sup>21</sup> Internal

debt in 2012 reached 16.7% of GDP.<sup>22</sup> Together, internal and external debt in 2012 amounted to over 44% of GDP. Indebtedness alone is not a big concern in itself, but the process of accelerated dynamics of borrowing with a parallel stagnation in GDP is worrying.

All administrative levels have been financing high levels of public spending by borrowing from available, albeit limited, local and international sources. The level of debt is fairly high level for a country like BiH, an emerging economy with a fixed exchange rate regime and no access to international capital markets, making the country vulnerable to economic shocks. Thus, continued efforts are needed for the debt trajectory to be placed firmly on a downward path to reduce the debt burden on the economy and ensure fiscal sustainability. These reform efforts should be focused on reducing the size of the government, improving the composition of expenditures, reforming entitlement programs, and better management of public finances.<sup>23</sup>

Foreign Direct Investment decreased significantly from 5.4% in 2008 to 1.4% in 2010, but has since recovered to 3.8% in 2012. The total value of the inflow of direct investment in 2012 was BAM992.7 million (USD688.9 million), which was higher by BAM458.1 million (USD317.9 million), or 85.7%, compared to the previous year. The inflow of investment was mainly in nonfinancial sectors of the economy. The biggest growth in investment was recorded in the production of base metals and wholesale trade.

After a period of improvement between 2004 and 2006, the management of public finances deteriorated sharply in 2007-2008. During the reconstruction period (1996 to 2002), public spending was around 50% of GDP, while between 2004 and 2006 the share of public spending dropped to about 46%.<sup>24</sup> After the introduction of Value Added Tax (VAT) in 2006, governments in BiH increased public spending instead of initiating difficult but necessary structural

reforms, and used higher than expected VAT collection to buffer negative social effects of such reforms.

Current spending displaces investments required to sustain long-term growth, and is not sustainable at its current rate. The largest portion of this spending goes to three categories: (i) salaries in the public sector (13% of GDP in 2011, increase from 11.4% in 2005); (ii) transfers and subsidies (16.5% of GDP in 2011, increase from 13.2 in 2005); and (iii) the procurement of goods and services (10.2% of GDP in 2011, increase from 9.7% in 2005). The size of the government (administrative authorities at the Cantonal, Entity and Central levels) contributes to the fact that allocations for salaries reach nearly 13% of GDP, which is among the highest not only in the Western Balkans, but also Europe and Central Asia.<sup>25</sup> Public-sector employees (excluding state-owned enterprises and health-care workers) comprise a relatively large proportion of the labour force (11%) and total employment (19%).<sup>26</sup> The cantons in FBiH have the most employees in the public sector in the Federation, followed by the RS and the State.

Some aspects of the economy nevertheless are showing tentative signs of recovery.<sup>27</sup> In 2013, export amounted to BAM 8.38 billion (USD 6 billion), which is 6.6% higher than in the same period of 2012, and import amounted to BAM 15.17 billion (USD 11 billion), which is 0.5% lower than in the same period of last year. The coverage of import by export was 55.2%.<sup>28</sup> While this reflected to a large extent a much milder winter and higher water levels that boosted electricity production and exports, prospects for a modest economic recovery in 2013, by around 0, 8 % of real GDP growth, have improved. Monthly inflation continued to decline in April, owing to lower food and fuel prices. The unemployment rate, however, inched up further to over 28 %.

Looking beyond 2013, slow and gradual growth is expected in line with a projected gradual recovery in Europe, but will be hampered by internal constraints. Growth in BiH is ex-

<sup>22</sup> IMF Report: Bosnia and Herzegovina: Second Review Under the Stand-By Arrangement and Requests for Waivers of Applicability and Modification of Performance Criteria — Staff Report; Press Release; and Statement by the Executive Director. May 2013

<sup>23</sup> Central Bank of Bosnia and Herzegovina Annual Report 2012.

<sup>24</sup> Data from BiH Ministry of Finance and Treasury

<sup>25</sup> IBHI. Policy Brief "Political, Economic and Social Crisis in BiH 2012/2013: Towards New Policies". Sarajevo, 2013

<sup>26</sup> IBHI. Policy Brief "Political, Economic and Social Crisis in BiH 2012/2013: Towards New Policies". Sarajevo, 2013

<sup>27</sup> IMF Country Report No. 13/196, July 2013

<sup>28</sup> BiH Agency for Statistics, BiH Foreign trade in goods statistics, January-December 2013

**TABLE 01** Key Economic Indicators, 2009-2013<sup>29</sup>

	2009	2010	2011	2012	2013
Nominal GDP (USD million)	16306	16796	17401	17873	18813
GDP Per Capita (USD)	4328	4467	4638	4774	5025
GDP Growth	-2.9	0.7	1.3	-0.7	0.5
Inflation	-0.4	2.1	3.7	2.0	1.8
	<i>in percent of GDP</i>				
Consumption	103.6	105.0	108.7	108.6	107.4
Private	82.1	83.6	86.7	87.3	86.6
Public	21.5	21.4	22.1	21.3	20.8
Gross capital formation	20.9	17.1	15.7	15.6	15.9
Private	13.5	9.1	9.4	9.5	9.6
Public	7.4	8.0	6.3	6.0	6.3
National Savings	14.9	12.2	6.8	6.3	7.6
Private	14.2	9.2	4.1	4.2	3.6
Public	0.7	3.0	2.7	2.0	3.9
Saving-Investment balance	-6.0	-4.9	-8.8	-9.3	-8.4
<b>Fiscal Sector</b>					
Revenue	45.0	46.5	46.1	44.8	44.5
Taxes	22.0	23.0	23.1	22.4	21.7
Social security contributions	15.1	15.4	15.8	15.4	14.9
Grants	2.1	2.5	2.1	2.1	2.0
Other revenue	5.7	5.6	5.1	5.0	5.9
Expenditure	50.3	50.6	48.9	47.4	46.5
Compensation of employees	13.1	12.8	13.0	12.4	12.0
Goods and services	9.8	10.1	10.6	10.4	10.3
Social benefits	15.4	14.9	14.6	14.2	13.9
Other expense (inc. interest and subsidies)	4.7	4.9	4.4	4.3	4.2
Net acquisition of nonfinancial assets	7.4	8.0	6.3	6.0	6.3
Fiscal Balance	-5.5	-4.2	-2.9	-2.6	-2.0
Public debt	36.2	39.3	40.5	43.9	42.2
<b>External sector</b>					
Current Account Balances	-6.6	-5.5	-9.5	-9.3	-8.4
External Debt	55.0	51.6	49.1	51.5	51.3
Private sector	33.2	26.2	23.1	24.4	23.1
Public sector	21.8	25.4	26.0	27.1	28.2
FDI (Net)	1.4	1.5	2.1	3.4	2.8

<sup>29</sup> World Bank Economic Outlook Database, July 2013

pected to be driven by an increase in exports which, combined with stable inflows of remittances, will boost incomes and thus consumption and imports. In addition to increasing exports to the EU, BiH will need to search for alternative markets to boost its economy. Ensuring domestic markets are populated by domestic goods, increased fiscal responsibility, and stronger private entrepreneurship would boost the economy significantly, contribute to deficit reduction, and would help absorb some of the impacts of necessary administrative cuts. Additionally, low productivity across all sectors should be addressed to help increase competitiveness, both in domestic and international markets. If sustained in the long term, public investment in infrastructure projects, particularly by borrowing and through support from donor funds, should also help to stimulate economic activity. Growth rates are expected to remain below pre-crisis levels, however, partly as bank lending will likely expand at a more modest pace than before the crisis and there is no room for domestic fiscal stimulus. A faster pace of economic growth and a decrease in unemployment would require substantial progress in the implementation of structural reforms. In the longer term, it is important to acknowledge that the current modest pace of economic recovery is insufficient to make any noticeable impact on the living standards of BiH citizens, or reduce the unacceptably high unemployment rate. It definitely falls short of unlocking the significant growth potential of the BiH economy. One method for job creation would be the development of a robust and competitive private sector through the establishment of BiH as an attractive place to invest. This can be achieved through an improvement of the business environment by improving the ease of starting and operating businesses, and reforming the job market to create an environment conducive to job creation. This would best be achieved through constructive dialogue with stakeholders, including trade unions and business representatives, and would take into account the interests of those who are currently out of work. As a positive indication, BiH moved significantly on the World Economic Forum Global Competitiveness currently ranking 87th out of 148.<sup>30</sup>

## D. National Planning Process

While there are Entity and sector-related strategies and plans, BiH lacks a comprehensive national development strategy and planning process. Disagreements about the division of responsibilities at State and Entity levels are a contributing factor. BiH also lacks a functioning internal coordination mechanism which could coordinate and facilitate interaction between various planning processes, help to establish common positions, and could allow the country to communicate with a common voice. An established internal coordination mechanism is also one of the key conditions of the EU to proceed with the integration process and enable BiH to submit its membership application.

In 2010, BiH developed a draft mid-term strategic development framework which included the Country Development Strategy and the Social Inclusion Strategy as well as the related actions plans for a 5-year period. However, these never received a country-wide political endorsement and hence, have not been adopted by the BiH Council of Ministers. In 2013, the Directorate for Economic Planning (DEP) re-initiated the state-wide development planning process, taking into consideration Entity plans and those for Brcko District, and aligning with the EU's Instrument for Pre-Accession Assistance (IPA) II cycle (2014-2020).

However, political endorsement remains a challenge. RS is currently in the process of creating its own, entity-based development strategy. The FBiH adopted its own 2010-2020 Development Strategy in 2010, on the basis of the draft State level development strategies. This emphasised fiscal stability and public finance, development of financial markets and financial institutions in FBiH, reform of the public finance sector, strengthening of fiscal capacities of local communities, and reduction of corruption as long-term priority goals in FBiH.

In 2013, the EC initiated the formulation process of the 2014-2020 Country Strategy Paper for BiH, which will guide the EU's next programming cycle in BiH and provide the basis for IPA II. This process is the only long-term, comprehensive planning process that encompasses all levels of government and enjoys a measure of political support. However, the ongoing political impasse and the EC's decision to freeze the accession process has delayed the Country Strategy Paper.

<sup>30</sup> <http://www.weforum.org/reports/global-competitiveness-report-2013-2014>

With the absence of a state-wide developmental planning process, the UNCT lacks a defined national development agenda. The limited interaction and vertical as well as horizontal coordination between various planning processes in BiH represents another serious challenge for the UN planning horizon. Within this context, the UNCT will be required to strengthen the UN-DAF consultation process in order to be able to define the future character of the UN and BiH partnership in accordance with development priorities and needs throughout the country. This implies a better internal understanding of the UN comparative advantage in the BiH development context, as well as a stronger vision by the UNCT on the priority areas as the basis for the UNDAF consultation process.

## E. Millennium Development Goals (MDGs) in BiH

Over the period of 2000-2013, progress towards the achievement of the MDGs in BiH has been uneven. Of the 68 indicators used to monitor progress on MDGs, just under half (31) have been fully achieved or are likely to be achieved by 2015. It is unlikely that the remaining 37 will be realised within this time frame.

Considerable improvements are evident for MDG2 (Education), MDG 6 (HIV/AIDS) and MDG 8 (Global Partnership) - in particular relating to a reduction in Official Development Assistance (ODA). Some progress has been made in relation to MDG 3 (Gender Equality) and MDG5 (Maternal Health), while limited progress has been made in MDG7 (Environment). Progress is least evident in relation to the achievement of MDG1 (Poverty Reduction). The 2013 MDGs Progress Report of BiH reports that, while relative poverty dropped from 18.2% in 2007 to 17.9% in 2011, the absolute poverty rate increased in the same period from 14% to 15%.

Over the years limited attention has been given to MDGs in the country, mostly due to the perception that, although representing global development goals and values, MDGs overemphasise particular needs in underdeveloped parts of the world. Thus, they are perceived as not necessarily being

comprehensive enough to adequately address the domestic development goals and values underpinned by the desire for the country to join the EU. An additional reason the MDGs receive limited attention in the country is competition from issues such as post-war reconstruction and EU accession requirements in the form of institutional development and changes to the legislative framework. For more than a decade, insufficient attention has been given to the country's economic recovery, job creation, reform of the business environment and investment climate, public sector reform, improvement of the social and pension systems, discrimination, corruption, inequality, uneven geographical development and the many needs of people from vulnerable groups.

## F. Upcoming challenges

### 01. Croatia's EU Accession

On 1 July, 2013 Croatia became the 28th member state of the EU. This will have positive, but also potentially worrying effects on BiH, which now borders the EU. BiH's communication and trade links with Croatia and the remainder of the EU have now become encumbered by more rigorous border crossing and customs procedures. Although BiH and Croatia reached critical transit agreements for the movement of goods and people in the Neum corridor and the port of Ploče,<sup>31</sup> there remains the issue of Croatia's plans to build a bridge on the bay of Pelješac, which, BiH fears, may limit the access to its only coastal town, Neum. More important for small agricultural producers in BiH is the country's failure to establish a proper legislative framework and system to ensure that its products meet EU technical and phytosanitary standards, which would allow milk, meat and dairy products to be sold in the EU market. Due to BiH's failure to establish such a system, as of 1 July, the country has effectively lost an agricultural export market valued at approximately USD 121 million.<sup>32</sup> This has increased frustration amongst businesses in the agricultural sector and farmers with smallholdings, who have threatened to stage protests.

In addition to the economic effects of Croatia's accession to the EU, there are concerns that there could be political implica-

<sup>31</sup> Neum is the only BiH gate of exit on the Adriatic coast, and splits Croatian mainland from the town of Dubrovnik and the surrounding area. Ploče is a strategic port in Croatia, close to the BiH border, which was built in former Yugoslavia with the special purpose of supporting the service industry in BiH. As a result, BiH significantly invested in its construction.

<sup>32</sup> [http://www.vpi.ba/upload/documents/Bruxelles\\_umjesto\\_Zagreba\\_Ulazak\\_Hrvatske.pdf](http://www.vpi.ba/upload/documents/Bruxelles_umjesto_Zagreba_Ulazak_Hrvatske.pdf).

tions for BiH as well. Although Croatian officials have stressed that Croatia would not use its EU membership to influence the internal affairs of BiH, there is an expectation by some Bosnian-Croat leaders that Croatia's EU membership will reinforce their negotiating position with regard to proposals for constitutional reform in BiH and the long-held desire for a 3<sup>rd</sup> Entity in BiH.

## 02. International and regional context

For the past several years, the international community has employed an "incremental approach" strategy in order to stabilize BiH and bring it closer to the EU. However, impasse between BiH's political leaders on key issues required for EU and NATO integration has slowed the process and ultimately ground it to a halt.<sup>33</sup> Given these setbacks, officials in Brussels and EU capitals are currently re-evaluating how to proceed further with BiH's EU accession process. There is a wide spectrum of views within the EU and amongst Member States on how to proceed with BiH's potential candidacy. The inability of local leaders to come together on critical issues that would allow the process to get back on track is creating an impression both within BiH and in the EU itself that the country is not yet ready to embark on the required key reforms. Given that the EU and the international community are facing a number of competing challenges, such as the Eurozone crisis, conflicts in the Middle East and Northern Africa, as well as upcoming elections in the European Parliament and senior management appointments in the European Commission, there is concern that interest in BiH and its problems will diminish. Left to its own devices, this may lead to further economic, social and political instability in BiH. Such a situation requires ongoing engagement with the international community.

The UN Conflict Analysis Survey could assist international players in guiding future policy. For example, the survey results indicated a clear discrepancy among participants' views on international community engagement. Important to note for international policy makers is that the survey also found growing disillusionment among the population with regard to the country's EU prospects. Although a significant number of citizens surveyed believe that relations between BiH and the EU are critical for the country's development

and prosperity, most feel that actual membership in the EU is a long way off. Moreover, there are a growing number of citizens who think that, although membership in the EU is preferable, it is not essential for the country.

Views amongst key players within the international community remain divided on what the approach to this should be. These range from the reintroduction of a strong interventionist policy that prevailed in the early post-war period from 1995 to the early 2000s, to a continuation of the current "incremental" approach. There are two remaining preconditions for unblocking the EU integration process for BiH: (1) the resolution of the Sejdic-Finci case,<sup>34</sup> and (2) agreement on the internal coordination mechanism on the EU integration process. However, breakthroughs to resolve these issues have been difficult to achieve. Without action, the window of opportunity for BiH to move its EU accession process forward is closing. The results of the UN Survey indicate that stronger engagement by international players, countries and organisations could be beneficial. The survey showed that after the EU, the UN is the second most trusted international organisation. With regard to influence, after the EU and the US, the UN was found to be third. Reinforced by its neutral stance, this positive perception enables the UN to access a wide network of political actors and decision-makers at all levels of government in BiH, to serve as a trusted and impartial interlocutor, and to effectively advocate for policy changes in BiH.

## 03. Census 2013

The last census in BiH was conducted in 1991. A new census, conducted in the first half of October 2013, is considered critical for ensuring better functioning of statistical systems and development strategies in the country, as well as for the EU accession process. Although the conducting of a census is usually a technical exercise, in the BiH context it is highly politicised since it will determine the extent to which demographic changes have occurred among the country's principal ethnic communities, both during and after the war. There are concerns that the results of the census will be used by some political parties to argue for changes to the

<sup>33</sup> In order for BiH to move forward with EU accession it must implement constitutional reform in line with the ECHR ruling on Sejdić-Finci, and agree on the establishment of an efficient and effective coordination mechanism for the implementation of EU-funded pre-accession assistance (IPA) projects. Bosnia's Membership Action Plan (MAP) with NATO has been delayed for several years because there is no agreement on the resolution between the Entities on the registration of the military and state property, which is a key pre-requisite for moving the MAP forward.

<sup>34</sup> Case of Sejdic and Finci v Bosnia and Herzegovina (*Applications nos. 27996/06 and 34836/06*)

post-Dayton political structure of BiH that allocates political representation in key institutions on the basis of ethnicity. According to the International Monitoring Operation, EU-ROSTAT and the BiH Statistical Agency, the census was conducted successfully with minor reports of irregularities. The preliminary results, released at the end of 2013, already indicated significant demographic shifts and decreases in the BiH population, reflecting the consequences of the 1992-1995 war and its aftermath. Preliminary 2013 Census data indicates that BiH population stands at 3.79 million which is a drastic drop in comparison to 4,3 million in 1991. The final official results are likely to be published in 2015.

#### 04. General Elections 2014

The general elections scheduled for October 2014 are both a challenge and an opportunity for BiH. There is a danger that political parties will spend the next year focusing on campaigning rather than the reform agenda. However, they also present an opportunity for citizens to elect leaders that will establish a new, revitalised governance structure with new governments that are intent on moving the reform and development agenda forward. However, in order for legitimate elections to take place, changes to election laws must be adopted, otherwise the BiH Election Commission will not be able to certify the results, and the EU will not recognise them as legitimate.

As in previous years, there are already signs that the campaign will bring with it radical or nationalist rhetoric that will exacerbate existing tensions and divisions in society. Interestingly, the UN and other surveys indicate that the BiH population is frustrated with the current politicisation of problems, wide-spread corruption, and failed privatizations of public enterprises and are instead more focused on the economy, job creation, and "bread-and-butter issues". The continued unresponsiveness of the political leaderships in BiH to the pressing political and socio-economic issues reflected in the UN Conflict Analysis Survey, combined with the anticipated radicalization of the BiH politics during the election campaign may lead to increased social tensions and even social protests. Considering the magnitude of issues pressing the BiH populations and the level of dissatisfaction reflected in the Survey, the potential of protests turning violent cannot be undermined.

Many hope that the 2014 elections will end the current political deadlock in BiH by introducing new election winners and coalitions. On the other hand, there are also concerns that

the elections will not bring positive change, but will instead maintain the current system of politics that has resulted in frequent institutional deadlock, thereby rendering BiH unable to move its reform and development processes forward.

## G. Human Rights

### 01. International and domestic legal framework

BiH is party to all nine UN international human rights treaties and most of their additional protocols. All the Treaty bodies in charge of overseeing the implementation of the respective treaties have received State reports from the BiH authorities through their regular reporting cycles, and responded to them by concrete recommendations on how to improve implementation of the respective treaty through concrete steps. Furthermore, BiH was a member of the United Nations Human Rights Council in the period 2007-2010, and has subsequently been engaged in the process of Universal Periodic Review. In the period 2010-2013, BiH was visited by the following special procedures: Working Group on Enforced or Involuntary Disappearances (2010), Independent Expert on Minority Issues (2012), Special Rapporteur on Violence Against Women, its causes and consequences (2012), Special Rapporteur in the Field of Cultural Rights (2013) and Special Representative on Sexual Violence in Conflict (2013), while a visit by the Special Rapporteur on People with Disabilities is scheduled for second half of 2014. The reports of these rapporteurs indicate systematic problems and delays in the realisation of rights of BiH citizens in their respective areas.

Additionally, BiH has signed and ratified the main regional human rights treaties, including the European Convention on Human Rights (ECHR). Annex VI of the Dayton Peace Accords guarantees the protection of fundamental human rights and freedoms, while the BiH Constitution itself contains similar provisions aimed at the protection of same rights. Lastly, all the international standards as well as the BiH Constitution contain the non-discrimination principle, ensuring that rights are granted on a non-discriminatory basis to all individuals in BiH. The non-discrimination principles were appropriately translated into domestic legislation by the adoption of the 2009 Anti-Discrimination Law of BiH, but enforcement is universally lacking. Sustained implementation of these commitments is an ongoing challenge and one where the UN can play a significant supporting role.

## 02. National Protection Mechanisms

Mechanisms for the protection of rights stipulated in international and domestic legislation are in place, namely the BiH Ombudsman for Human Rights and the BiH Constitutional Court (CC). The Gender mechanisms and the BiH Ministry for Human Rights and Refugees also receive individual complaints, indicating that human rights monitoring and protection structures in BiH suffer from gaps in coordination, accountabilities and efficiency caused by the country's administrative fragmentation and lack of enforcement. Additionally, in a number of cases, CC decisions have not been enforced, which has led to approx. 1,500 of these cases being referred to the European Court of Human Rights.<sup>35</sup>

## 03. Brief Human Rights Analysis

The complex political, economic and social situation in the country has contributed to the non-fulfillment of human rights for some individuals, particularly those from vulnerable groups. Implementation of ratified human rights treaties is constrained by limited accountability mechanisms within the multi-layered governance frameworks for the country, making it a challenge to identify the most appropriate duty-bearer for a particular provision.

**Equality and Non-Discrimination:** The authorities have not yet moved to implement the 2009 Sejdić and Finci Decision of the European Court for Human Rights.<sup>36</sup> This regarded the BiH Constitution and stipulated the removal of discriminatory provisions preventing citizens who do not belong to any of the three constituent peoples from running for the tripartite National Presidency or the National House of Peoples. The BiH Ombudsman reports an increasing number of discrimination cases, ranging from mobbing to systematic discrimination against certain groups, including returnees and displaced persons, Roma, LGBT and disabled people. Since the adoption of the 2009 Anti-Discrimination Law, several discrimination claims have been filed with local courts by citizens, however there is no broader understanding of the benefits and protection mechanisms available to ordinary citizens. Finally, the authorities have still not developed a central database to register discrimination cases.

**Freedom of Expression:** Ruling parties prepared a new draft of the law on freedom of information, which was criticised by media and civil society as an attempt to reduce public access to information. Journalists remained vulnerable to threats, undue influence and attack. In mid-2013, several citizens were threatened with prosecution and even summoned for questioning for their public criticisms of officials and organising peaceful protests.

**Rights of the Child:** The lack of harmonisation of the laws regulating issues related to children constitutes a significant obstacle to ensuring the implementation of the Convention on the Rights of the Child. The failure of the BiH parliament to enact a new law on National I.D. numbers had detrimental effect on the human rights of newborn children, with some 4,000 being left without identification documents, and health and other basic services for over six months in 2013. The Law was subsequently adopted in November 2013.

**Economic, Social and Cultural Rights:** High levels of unemployment, poor healthcare and social welfare systems are challenges for all people of BiH. But their effects are greater for already marginalised groups in the country. Returnees and displaced persons, LGBT, people with disabilities and Roma often face discrimination in employment, are unable to obtain basic healthcare and adequate social services or otherwise exercise their rights. This is compounded by the absence of birth certificates, registration of citizenship and other essential forms of civil documentation. A significant number (one out of three) of Roma children do not attend school, or drop out at a very early age. Persons with disabilities face many difficulties in accessing their economic and social rights. Many war victims suffer under a variety of forms of psychological disorders caused by their war-time experiences, but the law does not recognise the psychological damage as criteria for obtaining the status of a civilian war victim. While this situation is especially acute among the population of former camp inmates, it is present among all war victims, particularly the survivors of wartime sexual violence, who, out of fear of stigma, are frequently not ready or unable to speak out. From the human rights point of view, healthcare (including provisions for mental welfare) must be both readily available and easily accessible for citizens.

<sup>35</sup> European Court for Human Rights, January 2014. [http://www.echr.coe.int/Documents/CP\\_Bosnia\\_and\\_Herzegovina\\_ENG.pdf](http://www.echr.coe.int/Documents/CP_Bosnia_and_Herzegovina_ENG.pdf)

<sup>36</sup> Ibid 32

## H. Gender Equality and Women's Empowerment

The development of BiH is closely linked to the country's aspirations of joining the European Union. The elimination of discrimination is deeply embedded in the rights and obligations of all EU member states. BiH has made significant steps in developing institutional capacities for gender equality, and the legal provisions guaranteeing women's rights and gender equality are largely in place.<sup>37</sup> Available data, however, presents clear evidence of persistent gender inequality.

### 01. Policy and legal framework

The Law on Gender Equality was adopted in 2003 and amended in 2009, and it is an important instrument for the introduction of new perspectives on gender in public policy and legislation. The law promotes gender equality in private and public sphere and prohibits discrimination based on sex or sexual orientation. Constitutional Committees of both houses of the Parliamentary Assembly of Bosnia and Herzegovina adopted the text of the Law on Gender Equality in BiH in 2010. However, harmonisation of Entity and Cantonal laws with the law at the State level has progressed slowly. The administrative capacity for ensuring gender equality at these levels remains weak, and this hampers adequate monitoring and implementation of the Gender Equality Law and the Gender Action Plan.<sup>38</sup>

Progress in implementing the State level Strategy to prevent and combat domestic violence remains slow, in particular with regard to the harmonisation of legislation and data collection.<sup>39</sup> Despite the fact that new laws on Protection against Domestic Violence were adopted in both FBiH and RS in 2012 to further enhance protection of women and girls from family violence, institutions have struggled to fully implement legal security, equal treatment and protective measures for women and children.

## 02. Women and Gender Equality in BiH

According to UNCT assessment and the analysis presented in the Fourth and Fifth Periodic CEDAW Report (2011), women in BiH are excluded from many political and decision making processes, they have limited access to employment and equal pay, political empowerment and representation is very low and gender based violence is widespread. BiH continues to struggle with deeply-rooted, patriarchal stereotypes about the roles and responsibilities of women and men in the family and in society at large. There is a lack of knowledge among the general public about the links between gender equality and socio-economic development.<sup>40</sup> Gaps in policy development and slow implementation of adopted legislation constitute important structural obstacles to achieving gender equality. Furthermore, the complex division of roles and responsibilities within the different levels of the government presents a significant challenge to applying a uniform approach to gender mainstreaming across different sectors. Lack of data is a key gap in the work on gender equality. The absence of statistical and analytical research creates gaps and inconsistencies in policy, legislative work and budgets. Strengthened institutional capacities and greater cooperation between gender mechanisms, key ministries, and civil society organisations is needed to advance gender mainstreaming, especially in policy development and budgeting.

### 2.1 Women's Political participation

The target of 40% representation in the legislative and executive branches of government has not yet been achieved. There are no women in the BiH Council of Ministers. At Entity level, one woman serves as a Minister in the FBiH Government, while the RS Government has a woman Prime Minister and 5 women (31%) serving as Ministers.<sup>41</sup> Available data on the gender structure of employees in public administration in Bosnia and Herzegovina shows approximately the same ratio of men and women among civil servants in the two entity administrations, with an increasing number of men holding higher positions, such as managers of administrative bodies, assistant ministers, and chief inspectors.

<sup>37</sup> EU Progress Report, October 2011, p.17

<sup>38</sup> EU Progress Report, October 2011, p.17

<sup>39</sup> EU Progress Report, October 2011, p.17

<sup>40</sup> Despite the growing global consensus that "gender equality is smart economics". See, for example, the World Bank's 2012 Report Gender Equality and Development elaborating why gender equality is central to development.

<sup>41</sup> The 3<sup>rd</sup> Alternative Report on the implementation of CEDAW and Women Human's Rights in BiH

## 2.2 Economic participation

BiH has the lowest level of female participation in the workforce in South East Europe – while women make up 51% of the population, they constitute only 36% of the active labour force.<sup>42</sup> Even in the sectors such as education and healthcare, women are mostly absent from the management and policy development structures governing the sector. Recent figures on the employment rates for women ages 15 – 64, show a rate of 29% for 2010.<sup>43</sup> A significant gender difference can also be observed in the educational structure of the unemployed: 8% of all unemployed women have university education, while that percentage among men is only 3%.<sup>44</sup> Other forms of discrimination influence the level of economic participation of women, most notably the fact that the rights for parental leave are regulated differently in different parts of BiH, as well as the fact that maternity leave is not always paid<sup>45</sup> and that some women are left jobless after becoming pregnant.

## 2.3 Social exclusion

While there are multiple forms of social exclusion faced by women in BiH, the most persistent ones relate to Roma women, women with disabilities, victims of sexual violence, displaced persons and returnees. About 90% of Roma women have no access to healthcare, social protection, or employment.<sup>46</sup> Women with disabilities face daily discrimination both as women and as persons with disabilities. They often lack adequate health care, access to services and are frequently socially isolated. Female heads of households make up almost one third of the total number of internally displaced persons.

## 2.4 Violence against Women and Girls

The research on domestic violence shows that women and children are victims of violence five times more often than men.<sup>47</sup> Data reported by NGOs that run specialised services responding to domestic violence (SOS help-lines, safe houses and legal

assistance centers) indicate that the number of female beneficiaries of these services increased between 2007 and 2009.<sup>48</sup> Violence against women, especially domestic violence, continues to be a widespread social problem in BiH, and is a serious violation of the fundamental human rights of victims/survivors. The results of the First Study on Prevalence and Characteristic of Violence against Women in BiH<sup>49</sup> show that almost half of women in Bosnia and Herzegovina older than 15 have been subjected at least once in their lifetime to some kind of violence (physical, psychological, sexual or economic) and one in ten has experienced violence in the past year. In recent years, primarily through the dedicated work of civil society in BiH as well as UN awareness campaigns and events, the perception of domestic violence is slowly starting to change, and increasing numbers of people are beginning to view domestic violence as a serious social problem. Domestic violence is slowly becoming a matter of legislation, public interest and research.

Other forms of gender based-violence, in particular sexual violence and trafficking, also affect women's prospects of enjoying the same rights and opportunities as men. Limited progress was made on combating the trafficking of human beings (THB). Relevant provisions in the State level criminal code are in line with international standards. Implementation of the national action plan for 2008-2012 continued financed mainly by donors. Thus, sustainability of this implementation remains an issue. A new action plan is being prepared. The national coordinator's office continued an educational campaign targeting social workers, secondary school teachers, work inspectors and prosecutors, and the State level government secured funds for three safe houses. The number of identified victims of trafficking increased. The majority of reported trafficking was for the purpose of sexual exploitation and begging. BiH continues to be a country of origin, transit and destination for trafficking of women. Provisions on trafficking in the Entity and Brčko Dis-

<sup>42</sup> BiH Combined Fourth and Fifth Period Reports on the implementation of the CEDAW, BiH Gender Equality Agency, April 2011

<sup>43</sup> Compared to 49,6 % for men in the same age group. EU Progress Report, October 2011, p.61

<sup>44</sup> BiH Agency for Statistics (2009), Women and Men in BiH.

<sup>45</sup> There is no regulation in Bosnia and Herzegovina that deals, on a uniform basis, with the exercising of rights related to pregnancy, delivery and post delivery period of care for a child. Regulating this matter is the responsibility of entities, cantons and Brčko District, while their financial and budget allocation policies directly impact the extent to which these rights will be respected. Unfortunately, a considerable number of women in BiH never manage to exercise these rights, precisely because of the gender unsensitised budgets, whose creators are allocating funds to other, „more priority“ issues.

<sup>46</sup> BiH Combined Fourth and Fifth Periodic Report on the Implementation of the CEDAW.

<sup>47</sup> UNDP, 2007, National Human Development Report.

<sup>48</sup> CEDAW Alternative Report for BiH, October 2010, pp. 42-43.

<sup>49</sup> Conducted with by the Gender Mechanisms and Statistical Agency and with the support of UNFPA and UN WOMEN.

strict criminal codes are not yet harmonised with the State level criminal code or with ratified international instruments.

The Department for Combating THB within the national coordinator's office and the database on THB victims are not yet fully operational, and BiH capacity to fight the trafficking of human beings remains in need of strengthening. Proactive identification of victims and an effective national referral mechanism are crucial, and further strengthening of criminal prosecution is needed.<sup>50</sup> According to the 2013 GRETA report on BiH, 39 victims were identified in 2012, 14 more than in 2010. Of this number, 27 were citizens of BiH, while 10 were from Serbia, one from Germany and one from Bulgaria.<sup>51</sup>

## I. Young People

Young people in BiH face many challenges in BiH, and are therefore in need of particular attention from both BiH authorities and other national and international development partners. Three out of four young people are unemployed. Most are not married, have no children, and struggle to find suitable housing. Many are pessimistic about the future, and find their living standards "mediocre" at best. An increasingly technology-driven labour market requires skills that many young people do not possess. Vulnerable youth groups are in an even more difficult position than the general population.<sup>52</sup>

Unemployment is a major problem. Young people (aged 15 – 24) make up 16%<sup>53</sup> of the population. The activity rate of this population in 2013 was 28%, the employment rate was 12% (17% in 2009) and the unemployment rate a staggering 59%,<sup>54</sup> compared to 57% in 2010, 58% in 2011, and 63% in 2012.<sup>55</sup> The rate is almost three times higher than the youth unemployment rate in EU 27 countries, which stands

at 23%.<sup>56</sup> The EU youth unemployment rates in 2012 ranged from 8% in Germany to 55% in Spain and 58% in Greece.<sup>57</sup>

Global figures indicate that the economic crisis ended the gradual decline in global youth unemployment rates in 2002–2007. The rise in unemployment between 2008 and the height of the economic crisis in 2009 effectively cancelled many of the gains made in previous years. Developed economies such as the European Union, Central and South-Eastern Europe and CIS, Latin America & the Caribbean, and South Asia were particularly affected. Medium-term projections (2012–16) suggest little improvement in youth labour markets. By 2016, the youth unemployment rate is expected to remain at the same high level.<sup>58</sup>

In 2011 the UN conducted a comprehensive research survey to analyse the problem. Published in 2012,<sup>59</sup> the survey analysed education, employment and the labour market, social protection, living standards, participation and views on the future. This was the second wave of research conducted in 2008, which provided analysis of trends in youth responses. While the results in 2008 were already pessimistic, the results of the 2012 were even more so.

Research highlights that youth issues in BiH are multifaceted, complex, with multiple and long term effects on a society as a whole, and require a comprehensive strategy and holistic approach. Tackling the unemployment issue is crucial. However, other issues, such as the provision of affordable housing for young people, better quality education matching the labour demand, access to non-formal training, and participation in decision making are all important to give young people the opportunity to start independent lives, start families, achieve a sense of fulfillment and contribute to society. Vulnerable youth groups need even more care and dedicated intervention.

<sup>50</sup> EU Progress Report, 2012, pp. 56-57

<sup>51</sup> Council of Europe: Group of Experts on Action against Trafficking in Human Beings, Report concerning the implementation of the Council of Europe Convention on Action against Trafficking in Human Beings by Bosnia and Herzegovina, 14 May 2013, GRETA(2013)7, p. 10, available at: [http://ec.europa.eu/anti-trafficking/download\\_action?nodePath=%2FPublications%2FGRETA+Report+Bosnia+Herzegovina+2013\\_en.pdf&fileName=GRETA+Report+Bosnia+Herzegovina+2013\\_en.pdf](http://ec.europa.eu/anti-trafficking/download_action?nodePath=%2FPublications%2FGRETA+Report+Bosnia+Herzegovina+2013_en.pdf&fileName=GRETA+Report+Bosnia+Herzegovina+2013_en.pdf)

<sup>52</sup> Voices of Youth – Survey on Youth in BiH – Quantitative Research Findings, UN/MDG-F publication, 2012

<sup>53</sup> BHAS, LFS BiH, 2012.

<sup>54</sup> BHAS, LFS BiH, 2013.

<sup>55</sup> Ibid.

<sup>56</sup> Eurostat website

<sup>57</sup> Eurostat website

<sup>58</sup> ILO Global Employment Trends for Youth 2012, May 2012

<sup>59</sup> Voices of Youth – Survey on Youth in BiH. The survey was based on a representative sample of 2,360 young people aged 15-30, including a sample of 352 youth from vulnerable categories - youth without parental care (100), Roma youth (88), youth with special needs (100), and youth returnees (65).

# 02.

## Analysis



# 02.

# Analysis

## A. Political Agenda

### 01. Governance Impasse

BiH currently faces numerous political challenges. One part of the problem lies in the complex, multi-layered administrative framework, while another lies with the divisive nature of politics in BiH, and with the fabric of the constitution that links appointments to public agencies and institutions with electoral results. This approach, present in the old socialist times, further spread during and after the 1992-1995 conflict, when three parallel political systems were established to rule over territories and institutions dominated by each ethnic group.

The political coalitions at the State and Entity levels have been subject to inter-party struggles, taking after the latest elections, respectively, five and fourteen months (in the case of FBiH) to form coalition governments. However, the governing coalitions at the State and FBiH Entity levels did not last long, and collapsed on 31 May 2012 with a breakup between the two parties representing the majority of Bosniak voters, the SDP and SDA. Although, by comparison, the political situation in RS can be viewed as more stable because of the strong majority that the SNSD and its allies have in the assembly, this Entity, too, has experienced a myriad of challenges related to corruption and public sector strikes in the past year, resulting in a government reshuffle in early 2013.

The political impasse in BiH poses a real problem for inter-ethnic relations because, as the situation in the country

deteriorates, there is a propensity towards increased radicalization, negative rhetoric and public mistrust,<sup>60</sup> which raises concerns regarding security and stability. Although there have been ongoing attempts by the leaders of the six main political parties since September 2011 to agree on ways to address joint problems affecting BiH, these have for the most part fallen through, or have not been realised in practice, resulting in a deepening of the crisis to the dissatisfaction of citizens and political elites alike.

The impact of the political stalemate is reflected in the work of the BiH and FBiH parliaments, which have adopted the lowest number of laws the country has seen in many years. Since the beginning of 2013, the BiH Parliament adopted only 5 laws, and these were mostly amendments to previous laws. The FBiH Parliament failed to adopt a single law in 2013. The trend also exists at the Canton level in the Federation, in particular Sarajevo, Tuzla, Zenica-Doboj and Una-Sana cantons, as well as in some large municipalities, such as Mostar and Bihac.<sup>61</sup>

### 02. EU integration challenge

The political situation in BiH has affected the country's EU accession process. Tentative agreements among BiH leaders in 2012 and 2013 on key issues concerning the EU accession agenda were allowed to lapse. There is a risk of growing apathy and discouragement amongst the general public. And there have been charges from outside BiH that some groups are deliberately blocking the EU accession process in order to maintain their hold on power and to prevent investigations for alleged corruption.

<sup>60</sup> According to Gallup Balkan Monitor research (online), in 2008 some 58.4% of population had trust in governments and political parties alike. By 2012 trust in governments and parties had dropped dramatically to 18.9 and 15.8% respectively. According to the UN Conflict Analysis Survey, trust in politicians has further dropped to 11.4%.

<sup>61</sup> Source CCI online reports.

### 03. Corruption

Corruption in BiH society is perceived as being a major problem. Nearly 3 in 4 respondents (73%) to the UN Conflict Analysis Survey<sup>62</sup> stated that corruption tops the list of problems in BiH, followed by the economy (59%), and politics (50%).<sup>63</sup> The survey also showed that citizens mostly blamed politicians (86%), governments (79%) and the international community (33%) for these problems.

The European Commission's 2012 Progress Report for BiH states that *"corruption continues to affect all spheres of life, economic development and the rule of law... (It) continues to remain widespread in the public sector and the public-private interface."*<sup>64</sup> The report finds that, although most of the legal and institutional infrastructure is in place, the Anti-corruption Agency is still not fully functional: anti-corruption activities and sanctions are weak; *"Nepotism continues to hamper professional performance throughout the public sector at all levels of authority."*<sup>65</sup>

The EC Progress report identifies corrupt activities as occurring mostly in politics and the public sector - where there is little control over political parties' financing - in procurement processes, the issuing of permits, and in the conduct of public services such as health and education.<sup>66</sup> Corruption has evolved into an alternative system of taxation and service delivery in the absence of effective public services.

This is also reflected in the survey carried out in August 2010 by the UN Office on Drugs and Crime (UNODC): *"In a half of cases kickbacks are paid in response to a direct or indirect request by a public official, almost 40% of bribes paid are actually offered by citizens themselves. This shows the lack of faith some citizens of Bosnia and Herzegovina have in the ability of the public administration to function without the payment of some kind of informal fee to facilitate bureaucratic procedures."*<sup>67</sup> This paper also revealed the extent of corruption: in the 12 months prior to this survey, 20.1% of citizens of BiH had experienced - ei-

ther directly or through a household member - some form of bribery or related activity through a public official.<sup>68</sup>

### 04. Rule of Law and Transitional Justice

The BiH Constitution establishes that BiH shall be a democracy governed by the rule of law. The full realisation of this declaration, however, remains distant due in large part to fragmented instructional structures, conflicting laws, the lack of effective coordination among the many levels of government, and the lack of a supreme judicial body to ensure uniformity in the interpretation of its laws.

BiH's extremely complex political and legal structure and certain constitutional provisions continue to negatively impact on the independence and efficient administration of justice. The BiH justice sector has four separate judicial systems (State, Entity and Brčko District) all applying separate substantive and procedural law. The financing and administration of judicial institutions is also impacted by fragmentation and the lack of unified laws that are necessary to regulate the sector. As a result, the judicial system lacks independence and is structurally prone to outside political pressure with frequent attacks against the judiciary.

BiH does not have a single prosecutorial system, including for the processing of war crimes. The Prosecutor's office at the state level is therefore not the highest prosecutorial institution in the land, but rather a sui generis institution with limited jurisdiction only within the State Court of BiH. In addition, the BiH Constitutional Court, a body that should only deal with the constitutionality of laws, is often called to compensate for the lack of a supreme court and provide legal decisions to protect the Human Rights of citizens and the implementation of international norms. The complexity and highly subjective boundaries of competencies among judicial institutions therefore make the Rule of Law system a domain of political and ethnical conflict rather than a stabilizing factor.

<sup>62</sup> Public Opinion Poll, Prism Research, commissioned by the UN RC Office, May 2013.

<sup>63</sup> UN survey, May 2013, p. 18.

<sup>64</sup> EC Progress Report 2012, online.

<sup>65</sup> Ibid.

<sup>66</sup> Ibid, and UN survey.

<sup>67</sup> UNODC report "Corruption in Bosnia and Herzegovina, Bribery as experienced by the population."

<sup>68</sup> Ibid.

The lack of uniformed standards also presents a challenge in the BiH's international obligations to ensure justice for children and juveniles. The Convention on the Rights of the Child (CRC) clearly outlines BiH's obligations to ensure justice for children and juveniles, in the form of a resolution of the inadequacy of the current judicial system, legal frameworks, and services as highlighted through UNICEF Studies on the situation of children in contact with the law in BiH. However, a lack of uniform standards is failing to ensure appropriate treatment and provisions concerning the protection of children in detention. Despite the existence of legislation on protection and treatment of children and juveniles in criminal proceedings (adopted in RS, under adoption in FBiH) the capacities of the BiH's social welfare sector remains limited.

Surveyed citizens in Transparency International's Global Corruption Barometer perceive the judiciary as one of the most corrupt institutions in BiH. According to a report by Freedom House, the judiciary is heavily influenced by nationalist political parties and is pressured from the executive branch. Only 15% of Bosniaks, just over 8% of Croats, and less than 4% of Serbs reported "full" confidence in the judiciary in BiH.<sup>69</sup> Judges who try to exert independence are reportedly subject to various forms of intimidation. The EU 2012 progress report also notes that pressure continues to undermine the independence of the judicial system. BiH still needs to implement the judicial reforms and the National War Crimes Strategy in order to develop an impartial, independent, and accountable system. The same report also states that judicial follow-up of corruption cases remains slow and that only a limited number of high-level cases have led to a prosecution. This situation has been aggravated by findings from entity auditors of corruption and misuse of funds by governments and public companies, and yet no senior politician has been convicted. More positively, the BiH court, established in 2002 to deal with organised crime, corruption, war crimes, and terrorism, expanded its witness protection programme in 2010.

The legacy of war crimes remains a serious point of contention between BiH communities. Impunity for these crimes is used by political elites to increase their legitimacy and power, thus preventing communities from healing and building a common future. The position of victims, as well as the way in which government institutions and society as a whole

treat the victims, is in critical need of improvement. Current mechanisms are insufficient and uncoordinated, despite the National War Crimes Strategy stipulating the need for efficient support and protection mechanisms at all levels. Addressing this will require the establishment of witness support offices in courts and a functioning referral network beyond the court and prosecutors' offices to facilitate the recovery of, and psycho-social services for, persons in need. The capacity to protect witnesses is still limited to the State Court of BiH with the Law aimed at extending such a possibility to the Entities being still hostage of political conflicts.

According to the EU Progress Report, the backlog of cases before the courts in BiH in 2013 stood at 2.3 million, of which 80% (1.8 million cases) are related to unpaid utility bills. This places an enormous burden on judicial systems. The reported backlog of war crimes cases is estimated to stand at over 750 cases, with an additional 1,300 still to be investigated. The HJPC announced a new National War Crimes Strategy that aims to process the highest priority and most complex war crimes cases within 7 years, and other war crimes cases within 15 years, from the time of adoption of the updated Strategy. According to the targets set by the EU/BiH Structured Dialogue on Justice and EU assistance programmes, this calls for a 50% reduction of the case backlog. This target requires the deferral of an increased number of war crimes cases to entity, canton and district courts. Such ambitious goal will not be reachable, however, without structural improvements including widespread access to witness protection and support.

Access to Justice, in war crimes cases in particular, is critical to ensure that victims from all ethnic communities are not left marginalised. A holistic and coordinated approach is therefore a pre-condition for stability and advancing the democratic process, given the post-conflict political culture and the lessons learnt from the past. Moreover, current attitudes towards EU integration call for consolidated efforts by BiH society to overcome the problems of the past in order to share a common vision of a future in the EU. A fully functional state and judiciary must provide all citizens with equal access to justice, equal legal protection and equal right to request and obtain legal remedies. In the context of BiH, access to justice refers more specifically to a wide range of rights and services, and the ability of citizens to seek and ob-

<sup>69</sup> UNDP's "Facing the past and access to justice from a public perspective, special report" based on a survey conducted in January and February 2010.

tain legal remedies and services for the purpose of dispute resolution and restitution of rights.

Legal Aid is a right to equal access to justice and a fair trial. In view of the fact that the introduction of a free legal aid system was included in the BiH Justice Sector Reform Strategy 2008-2012, it is necessary to pass and harmonise laws. This is also supported by principles from the proposed Framework law on free legal aid at the level of BiH.

The current UNDP-supported Free Legal Aid network exists across 14 different offices in BiH. Further coordinated efforts between UN agencies, the BiH government at different levels, and NGOs active in this area are essential to ensure a fully-developed and harmonised free legal aid framework across the country. At the time of the publication of this report, two Cantons in FBiH are still lacking a formally adopted legal framework.

The UN intends to continue supporting the BiH judicial authorities through a wide range of programmes and activities aimed at supporting institutions of justice, governance, security, and human rights. The overarching objective is to provide practical linkages between the UN and BiH, as well as, international actors to strengthen the national capacities of BiH to deal with its past and the remnants of war. As such, the UNCT will maintain an important role in the implementation of Transitional Justice processes and mechanisms, provision of access to justice, and provide effective programme coordination to effectively address reparations for victims, (healthcare, education, property restitution and employment) with special attention given to conflict related sexual violence against women, girls, men, and boys.

The proposed UN response follows, *inter alia*, the objectives and priorities of the BiH Justice Sector Reform Strategy (JSRS), the National War Crimes Strategy (NSWC) and the Draft Transitional Justice Strategy, as well as other institutional and thematic strategic documents. The strategic objectives are directed primarily towards strengthening the position of the judiciary. The much-needed improvements to its efficiency, independence, effectiveness and account-

ability are addressed in 5 pillars: the judiciary, execution of criminal sanctions, access to justice, support to economic growth and judicial coordination and management.

## 05. Incomplete Peace-building agenda

Citizens, leaders and civil society in BiH have been unable to engage in an effective and credible dialogue process to find common ground to tackle BiH's present and emerging problems. This is a consequence of the damage inflicted on individual citizens and communities during the violent conflict that engulfed BiH in the 1990s, the failure to fully provide justice to victims, and an inability by the international community and BiH citizens and leaders to fully address the root causes of the conflict. This polarisation and mistrust is contributing to, and made worse by, challenges and problems facing the country: weak governance and rule of law, corruption, increased nationalist rhetoric, economic decline and setbacks in the EU accession process. The current situation prolongs unhealthy relationships between communities, which increase the risk of conflict and violence.

There is an emerging consensus, therefore, that the peace-building agenda in BiH is far from completed and that the country requires reinvigorated focus on reconciliation and dialogue processes. In a recent poll conducted for the 2013 CCA preparation, BiH citizens acknowledged that reconciliation was critical and important in fostering progress in other areas, such as governance and economic development.<sup>70</sup> There is also an emerging consensus amongst key international community actors that further work on and support for dialogue and reconciliation processes is required in order to mitigate these negative trends. However, very few are providing actual donor support.

Some dialogue and reconciliation activities led by CSOs, religious leaders and other citizens are occurring at community or lower levels, often with positive results. The overall public perception, however, is that not enough progress is being made on reconciliation and dialogue.<sup>71</sup> In addition, there are few national or lower level strategies for peace-building that

<sup>70</sup> Public opinion poll results, Prism Research, Bosnia and Herzegovina. Office of the UN resident Coordinator in BiH. May, 2013. Respondents do not think that the process of reconciliation in BiH has been completed. The majority of the respondents think either that there was no reconciliation in BiH, or they describe the extent of reconciliation as small or partial.

<sup>71</sup> One recent example of a successful initiative is the Model United Nations, held in Mostar (Mosti) and in Banja Luka (BalMUN, the largest Model United Nations in the Balkans ever) in April 2013. These conferences gathered youth with the aim of supporting their development into more informed citizens and encouraging them to voice their own opinions about important and common issues.

would help to counteract the escalation of negative and increasingly conflict-laden discourse.

## B. Security Agenda

### 01. Security concerns

The prolonged political impasse and deterioration of the economic and social situation in BiH over the past few years has triggered increased security concerns among the BiH population, as well as the international community. Some officials have expressed concerns that rising popular dissatisfaction and frustration with local politicians could lead to broader social uprisings, as demonstrated by events in February 2012, and that the demise of the system of values, growing corruption and dysfunctional institutions could encourage criminal activities. Additionally, there is a fear that increased clashes between nationalist parties and radical rhetoric could result in isolated or more general ethnic violence.

### 02. Violent crime and ethnic incidents

Available data shows an increase in the number of convictions for violent crimes, especially crimes against life and limb, as well as against sexual minorities or morality. In 2005, according to the FBiH Office of Statistics, 748 persons were convicted for criminal acts against life and limb, and 53 for criminal acts against sexual freedom of expression and morality. In 2010, these numbers grew to 917 and 59, respectively. In 2011, the first category increased further to 948, while the number of offences in the second category remained the same.<sup>72</sup> According to statistics provided by the RS Ministry of Interior, in the RS, a total of 725 criminal acts against life and limb were registered in 2010, decreasing to 661 in 2011 and then increasing to 681 in 2012.

The numbers and trends of ethnically or religiously-motivated criminal acts are difficult to assess, as neither of the two entity interior ministries, nor entity or state statistical agencies, publish data. Only the EU Police Mission (EUPM), which ceased

operations in June 2012, kept such statistics for internal purposes. According to their Security Assessment from 2011, EUPM officers in 2006 registered a monthly average of 9.26 ethnically-related incidents, 7.08 in 2007, 9.16 in 2008, 12.50 in 2009, 5.01 in 2010 and 8.54 in 2011. According to both local and international experts, this number is considered reasonable, or even low, for a post-conflict country such as BiH.

### 03. Security perception amongst the public

Since research and analysis has tended to avoid raising this sensitive issue, the UN Conflict Analysis Survey<sup>73</sup> provides a unique insight into security concerns and opinions of the BiH population. The survey showed that members of all ethnic groups still feel threatened in BiH.<sup>74</sup> However, the majority of respondents say they are more afraid of possible violence caused by criminal activities rather than ethnic clashes. In general, the majority of respondents stated that a new outbreak of armed conflict in the Balkan region is not likely in the next 5 years. Nonetheless, a significant number of respondents think that further deterioration could lead to new violence in BiH. The largest percentage of those respondents who think further violence is possible think that it would be likely to take the form of crime or violent social protests. Somewhat more than half of the respondents think that BiH could not break apart peacefully. When asked whether they would take arms to defend BiH or their ethnic territories, the majority of respondents from all ethnic groups said they would rather either use all available peaceful means, or would not engage at all. However, some 10% of survey's participants said they would use weapons to defend their interests in this context.<sup>75</sup>

### 04. Social uprising

The protests that took place at the beginning of June 2013 suggest that the full potential of civil disobedience has not yet been realised: most of the demonstrators were administrative workers and social beneficiaries – groups that are not traditionally associated with calls to change the existing sys-

<sup>72</sup> FBiH Office of Statistics, online

<sup>73</sup> Public Opinion Poll, Prism Research, commissioned by the UN RC Office, May 2013.

<sup>74</sup> Ibid. Compared by gender, female respondents say more often (19.9%) than male ones (13.8%) that their ethnic group is not threatened in BiH.

<sup>75</sup> Ibid. p. 15, 44.

tem or status quo, as they are seen as having a privileged status within society. The more vulnerable and socially excluded groups – such as the populations of smaller, rural towns, the elderly, young people and the unemployed – have not yet initiated large-scale protests, suggesting that further and potentially larger social uprisings may still be on the horizon.

Analyzing experiences elsewhere, both in the Balkan region and in the rest of the world, where there is pervasive discontent - such as the recent protests in Slovenia over corruption in the government, or the Arab Spring - seemingly unrelated events or issues can spark widespread protests and calls for social and political change.

The UN Conflict Analysis Survey underscored an evident dissatisfaction of the BiH population with the overall situation in BiH, including the socio-economic prospects. The results of the survey highlighted, in particular, the issues of economic development, job creation, youth employability, social benefits, corruption, and illegal privatization. Combined with unresponsive political leadership, widespread corruption, failed privatizations process, and fragmented institutional framework, there is a growing concern that BiH could be facing an increased potential for outbreak of social upheavals in the upcoming period. Considering the magnitude of issues facing the citizens and the level of dissatisfaction reflected in the UN Conflict Analysis Survey, possible outbreak of violent protests can also not be excluded. The expected increase of political confrontation, radicalization of nationalist rhetoric and ethnic tensions during the election campaign which is expected to start well in advance of the general elections scheduled for October 2014, may only add to the social pressure, but also provide potential for manipulation of unsatisfied masses for the purposes of gaining political advantages, advocating radical political agendas and/or inciting ethnic divisions in the country.

The election campaign may also limit the BiH authorities' flexibility to comply with the IMF Stand-by Arrangement's (SBA) conditionality required for disbursement of the next

IMF tranche. The BiH authorities may be less inclined to adopt unpopular measures from the political perspective such as revision of the labor legislations in both entities which is expected to reduce the benefits currently available. This may leave the BiH authorities, Entity governments in particular, without critical funds for public financing to support pensions, civil servants' salaries and public services. If social benefits and services are not provided by either, or both, Entity governments this will create additional economic hardships and social pressure on the population which is already under stress.

## 05. Psychosocial aspects

After 50 years of a centralised socialist system, three and a half years of war, and eighteen years of post-war uncertainties and uncoordinated international interventions, the population of BiH has developed a very specific mindset. There is a strong sense of victimhood held by members of all major ethnic groups vis-a-vis the others, a feeling of lack of empowerment amongst citizens to engage in change, as well as a dependency on the international community to resolve BiH's problems (an attitude expressed by local elites and citizens alike). Post-war trauma is still prevalent in BiH. The psychosocial consequences of unresolved past traumas are reflected in, for example, deep traumatic shock and widespread cases of Post-Traumatic Stress Disorder (PTSD) - especially among former soldiers and victims - difficulties faced by returnees, as well as growing instances of underage delinquency, suicides and stress.

Experts have acknowledged that this problem has existed since the end of the war, but were seen as a lower priority by country and international officials in their search for political, administrative and legal solutions to BiH's multiple problems. This mindset is still very much present today, and it plays a strong role in the crisis that has been developing over the past few years. The people of BiH are resilient to crisis, but skeptical of attempts to bring about change. The general mood was found to be depressed<sup>76</sup> and lethargic<sup>77</sup> in the UN

<sup>76</sup> The UN Conflict Analysis Survey shows that majority of the respondents describe their state of mind over the past year in negative or neutral terms (lethargic, pessimistic, angry, neither happy nor unhappy). The largest percentage of the respondents perceive either no changes or negative changes in their life compared to a year ago, and they do not believe that any positive changes are going to come soon.

<sup>77</sup> "When it comes to social participation, respondents are not very active. More than half of the respondents are willing to vote in the elections, but the majority of them are not ready to demonstrate, join a political party or citizens' action group. One out of three respondents states that they are willing to leave their country. Only a small percentage of the respondents are ready to use force or violence if necessary.

survey. This may explain why, despite the poor political, economic and social situation in the country, larger protests and civic disobedience have not manifested to date.

## 06. Identity crisis

BiH emerged from the 1992-1995 war ethnically, politically, ideologically and geographically divided. There is an evident challenge in reaching a consensus on the country's past as well as the vision for the future. Identity remains divisive in the BiH context, rather than a unifying force. The results of the UN survey underscore that Bosniaks, Croats, Serbs and others have conflicting views on key issues regarding the past, present and future of BiH.

For example, with regard to the nature of the 1992-1995 war, a majority of Bosniaks and Croats surveyed stated that it was a "war of aggression", while the majority of Serbs stated it was a "civil war". The majority of Bosniaks and Croats said that they hold Serbia more responsible for the war in BiH than Bosnian Serbs, whereas the majority of Serbs claim that the responsibility lies with the International Community. The survey also indicated people's preference for "local identities" (territorial, ethnic, religious, historical) instead of the common national BiH identity.

The survey indicated that there are varying opinions concerning how BiH ought to be organised internally in the future. Although most respondents said that they see BiH organised as it is today, when asked what their personal preferences were (regardless of whether these views were realistic or not), differences amongst the three principal ethnic communities remain.

## 07. Small Arms and Light Weapons (SALW)

Seventeen years after the end of the war in BiH, remnants of the 1992-1995 conflicts continue to threaten citizens and pose obstacles for sustainable development. It is estimated that 2.8% of the territory of BiH remains contaminated with mines, 17,000 tons of military weapon and ammunition surpluses still exist, and hundreds of thousands of small arms still remain in civilian possession, all of which present a sig-

nificant threat to the security of the country and the region. The extent of this threat was revealed after the BiH State Investigation and Protection Agency, SIPA, discovered and seized a large cache of weapons and explosive devices near the northern town of Tešanj in an operation, which started on July 8, 2013 and lasted several days.<sup>78</sup> Most alarming is that over 17,000 tons of military weapons and ammunition surpluses, most of which are chemically unstable and are at high risk of accidental and uncontrolled explosions, are in close proximity to residential areas, thereby posing a risk to civilians, as well as to soldiers guarding storage sites.

Illicit weapons proliferation is still an everyday occurrence in BiH. Based on the most recent SALW Survey (UNDP/CSS, 2010/2011) it is estimated that there are around 750,000 illicit weapons in civilian or organised criminal possession. Together with aging military stockpiles, these stocks are susceptible to leakage and trafficking, which feeds the grey and black market trade in weaponry, and increases the likelihood of armed violence. Illicit small arms proliferation has a negative impact on security, human rights and social and economic development. Illegal weapons possession is both a domestic and international security concern and has both regional and transnational dimensions, as trade of illegal weapons can occur across territorial borders and among criminal groups that traffic weapons from country to country. The extensive presence of SALWs creates a feeling of insecurity among the population, impacts trust in law enforcement agencies, and hinders further development and reconciliation.

## 08. Disaster Risk Reduction

BiH is vulnerable to a number of natural hazards such as floods, mud-slides, droughts, fires and earthquakes. The average annual economic losses resulting from disasters, based on incomplete data, reaches about one percent of the country's GDP, while the number of recorded disaster victims more than doubled over the period 2004-2006 when compared to 1999-2003. The complexity of the BiH administrative structure is clearly reflected in the disaster management sector, since all levels of decision-making in the country have a degree of authority in the area of Disaster Risk Reduction (DRR) and response. This has created a fragmented system with unclear responsibilities, and lacks

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<sup>78</sup> According to media reports the cache included 588 RPG projectiles and 60 projectiles for recoilless cannon.

vertical and horizontal cooperation. Legislation and strategic documents at all levels are mainly concerned with civil protection activities and contain few specific references to DRR. Although some progress has been made, capacities and coordination at all levels need to be further strengthened. Local level authorities lack the capacity and resources to fulfil even basic DRR functions, and whenever larger scale disasters occur, all the deficiencies and inadequate DRR capacities of the county become tragically obvious.

## 09. Migration, asylum and human trafficking

BiH constitutes a country of origin, transit and returns, and is increasingly becoming a destination (by design or lack of other alternatives) for migration. For many, the move has been driven by a complex combination of factors, including persecution, poverty, conflict, famine and repression, as well as violation of economic and social rights, population pressure, scarce natural resources, and wage and income inequality between poor and rich countries.

Largely owing to its strategic geopolitical location, the Western Balkans has become an important hotspot on one of the main migration routes to the EU. An increasing number of refugees and migrants from outside the region, in particular Afghanistan, Pakistan, Palestine, Syria, Somalia and North Africa, are arriving from Turkey and/or Greece and transiting through the region using what is known as “the Western Balkan route”. Many lodge asylum claims in one or more of the Western Balkan countries, but often depart before having their asylum claims processed and their protection needs determined.<sup>79</sup> Of particular concern is the growing number of unaccompanied or separated children, mostly from Afghanistan.<sup>80</sup>

In recent years, BiH has not been part of the routes used by the majority of refugees and migrants to cross into the EU. However, it is likely that the widening of the EU external borders, as a consequence of the accession of Croatia to the EU, might serve to change the nature and scale of the asy-

lum and migration flows passing through BiH, including an increase in the number of “irregular” migrants and asylum-seekers attempting to transit via BiH to the EU through Croatia. Furthermore, this development is likely to increase the number of persons readmitted to BiH from Croatia under the Readmission Agreement between the two countries. There are ongoing initiatives to strengthen management of migration flows at the border, including strengthening the capacities of law enforcement officials of both countries to implement joint patrols to prevent it from becoming an extensive, porous entry point to the EU. Croatia will become part of the Schengen Agreement in 2016, and it is therefore crucial to build upon existing synergies and the mechanisms that are already in place to ensure that the human rights of asylum-seekers and migrants are still effectively guaranteed in BiH and the region.

As political instability and conflict in certain regions continues, it is likely that these flows of asylum-seekers and migrants of extra-regional origin will continue to grow. In this context, it is crucial that BiH has the mechanisms and capacities in place that the human rights of persons entering and transiting the territory are ensured, both in reception and return and readmission, particularly in the context of persons in need of international protection and other vulnerable groups of concern to the UN.

In this context it is worth mentioning that BiH has ratified the Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (CMW). Of particular interest are the CMW’s Concluding Observations on BiH, and other documents related to the examination of compliance of BiH with its obligations under the CMW during its 17th session (September 10-14, 2012).

While noting the continued work of the Coordination Body established in 2009 to monitor the implementation of the new Strategy on Migration and Asylum and the related Action Plan for the period 2012–2015, the Committee reiterates its concern that the lack of coordination between the

<sup>79</sup> In 2011 asylum applications sharply increased in the region as compared to previous years. In the former Yugoslav Republic of Macedonia, the number of asylum applications lodged increased from 180 in 2010 to 740 in 2011 (increase by 311%); in Serbia and Kosovo (UNSCR 1244/99) from 790 to 3320 (320%) and in Montenegro from 10 to 240 (2300%). See UNHCR, *Asylum Levels and Trends in Industrialized Countries, 2011*, available at <http://www.unhcr.org/4e9beaa19.html>

<sup>80</sup> For example in 2011, 552 unaccompanied children in an irregular situation were identified in Croatia, a number almost twice as high as in 2010. See European Commission, *Comprehensive Monitoring Report on Croatia’s State of Preparedness for EU Membership*, October 2012. [http://ec.europa.eu/enlargement/pdf/key\\_documents/2012/package/hr\\_analytical\\_2012\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/hr_analytical_2012_en.pdf)

institutions and services that deal with the various aspects of migration policy at State and Entity levels negatively impact the implementation by the State party of certain rights protected under the Convention. The transparent consultative process for the new Strategy, however, shows willingness by stakeholders to address these issues. While acknowledging progress made in combating human trafficking and sexual exploitation of migration workers, the Committee has expressed concern at the lack of harmonisation of Criminal Codes at Entity and District level in regards to amendments to the State Criminal Code – specifically the new definition of trafficking in article 186. Of particular concern is the high number of migrant children who are victims of trafficking, and the remaining gaps in the enforcement of anti-trafficking laws – particularly in light of the lack of state level prosecutions and convictions in 2011.

BiH is also subject to internal trafficking. Roma children constitute a significant proportion of the victims, both for the purposes of begging and sexual exploitation. An ongoing assessment conducted by UNICEF aims to identify the situation of children working on the street and the root causes of the phenomenon. This will help them profile victims and help develop an evidence-based policy and programmatic recommendations. Though the assessment is ongoing – with the final report due by the end of 2013 – it is evident from information attained already that the phenomenon is most pertinently related to child abuse and exploitation, and trafficking.

A significant proportion of the movements of migrants and refugees to and from, as well as within, the region takes place either via clandestine entry at border crossing points or via illegal border crossing at the green borders. These irregular movements and associated transnational crime, such as trafficking in persons and human smuggling, raise a number of shared concerns for all states along the migration route, and are likely to pose challenges to BiH both in terms of rising costs and maintenance of human rights standards. As a result of targeted and strategic initiatives funded by the EU, UNHCR, IOM and bilateral donors, a range of structures and mechanisms related to refugee status determination and international migration management are in place in BiH, but these structures and mechanisms were typically established in response to a migration scenario that is quite different from the current situation, and thus competent bodies in the country will likely struggle to manage changing migration dynamics and an increasing volume of asylum-seekers

and migrants of extra-regional origin without the provision of further support and targeted interventions.

Concerns persist over protection sensitive entry systems, effective access to the asylum procedure and over the quality of decision making for refugee status determination. Despite the formal referral mechanisms that are in place, border police and competent authorities often fail to identify asylum-seekers and treat them as irregular migrants. Undocumented asylum-seekers, including children, are increasingly detained for as long as 9 months, apparently as a deterrent, and in some cases lack effective access to legal aid. Asylum claims are often not examined thoroughly on their merits, and, with just two exceptions in 2013, persons in need of protection are granted subsidiary protection in lieu of the full refugee status that would in individual cases be warranted under the 1951 Convention relating to the Status of Refugees and under national asylum legislation.

BiH has signed readmission agreements with other countries in the region, and agreements have been signed but not yet ratified with Turkey and Moldova. Bilateral negotiations have taken place in recent years with extra-regional countries, and so far a total of 26 readmission agreements have been signed. National systems include mechanisms for facilitating the voluntary return of unauthorised migrants who are also deemed not to have a valid asylum claim to their countries of origin, although the effectiveness of these mechanisms is hindered by lack of funds and consequently the return of such persons to countries of origin outside the region has thus far remained an infrequent practice. In this context, BiH currently expends considerable efforts and resources in identifying and transferring migrants to countries within the region, which contributes to the recidivism mentioned above. It also contributes to the risk that persons seeking asylum are not properly distinguished from other would-be migrants, and are not given access to a fair and appropriate status determination procedure.

Expertise needs to be strengthened particularly as regards the determination of the identity of persons arriving in the territories, identification of their specific needs and timely differentiation between various groups on the move (such as refugees, unaccompanied and separated children, women and girls at risk, trafficked persons, etc.) The provision of technical assistance for the upgrade/establishment of the national computerised registration systems for asylum-

seekers and migrants constitutes a crucial initiative with a long-term perspective. It is important to build upon the best practices and ensure alignment with international standards and the *acquis*, as well as other mechanisms and structures existing within the EU.

The growing number of extra-regional migrants seeking to transit through BiH and the Western Balkans has served to increase the number and scope of criminal organisations offering to facilitate irregular movements. The Western Balkans is already de-facto an important transport corridor for drugs into the EU, with well-organised and professional criminal groups utilising long-established trafficking routes. Though the trafficking of heroin has traditionally constituted the most severe issue, the 2013 UNODC World Drug Report states that, in regard to land routes for heroin smuggling, 'the Balkan trafficking route remains the most popular one'.<sup>81</sup> There is also evidence of a clear increase in cocaine trafficking via the Balkans in recent years, which attests to the significance of these trafficking routes.<sup>82</sup>

## C. Socio-Economic Agenda

### 01. Labour Market Situation

In 2013, negative trends in the labour market could not be reversed despite a slight improvement in economic outlook. This is due to the slow recovery of major industries, coupled with a modest rise in business activity in the private sector. The economy of Bosnia and Herzegovina entered a double dip recession in 2012 (-0.7% output growth), with slightly decreasing employment-to-population ratios for the working age population (15 to 64 years old) and increasing unemployment rates.

The 2013 Labour Force Survey indicates an activity rate of 43.6% and an employment-to-population ratio of 31.6%, while the unemployment rate peaked at 27.5% of the labour force (26.5% for men and 29.0% for women).<sup>83</sup> Labour force participation remained stable in the period 2008-2012

at around 53%, with slightly increasing participation rates for women (rising from 39.5% to 41%) and modestly declining participation among men (falling from 67.7% to 67%). Available figures for Bosnia and Herzegovina point to large labour market gaps, not only compared to the new Member States of the European Union, but also with respect to neighbouring Western Balkan countries. Such a dismal employment outlook is even more worrisome when coupled with the demographic projections for the next two decades. The population will continue to decline and cause an increase in the old-age dependency ratio (from 22% in 2010 to 38% in 2035), mostly driven by a decline in the working age population (projected to fall by about 13%).<sup>84</sup> Such demographic trends will pose a number of unique economic, labour market and social policy challenges. The public pension system, mainly financed through social contributions, is already negatively affected by low employment levels and the unfavourable employee-pensioner ratio (1.1 workers for each pensioner).<sup>85</sup>

Gender gaps in labour market participation, employment and wages persists across all age groups despite the fact that women have on average better educational attainment than men. Youth unemployment is also of increasing concern as it stands at the exceptionally high rate of over 59%. Sex-disaggregated figures reveal a disproportionate distribution across labour force participation and employment, suggesting unequal labour market access for women compared to men. Persistent barriers to labour market integration are also detected among persons with disabilities, returnees, internally displaced persons and Roma.<sup>86</sup>

Most unemployment is long term: half of all those registered as unemployed have been out of work for at least 5 years, and a quarter of them for over 10 years. Lengthy spells of unemployment lead to the loss of skills and motivation and send negative signals to employers on individuals' productivity, as well as breed dependency. This evidence shows that unemployment in Bosnia and Herzegovina is structural rather than frictional, which indicates that many of the un-

<sup>81</sup> UNODC (2013): *World Drug Report 2013*, p. ix.

<sup>82</sup> UNODC (2012): *World Drug Report 2012*, p. 79.

<sup>83</sup> 2013 LFS, Appendix C.

<sup>84</sup> Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2012 Revision*

<sup>85</sup> IBHI. Policy Brief "Political, Economic and Social Crisis in BiH 2012/2013: Towards New Policies". Sarajevo, 2013

<sup>86</sup> DWCP of Bosnia and Herzegovina 2012-2015

employed are in reality no longer attached to the labour market.<sup>87</sup> The share of discouraged workers – e.g. inactive persons willing to work, but no longer searching for a job – amounted to 5.2% of total inactive individuals.

Education is positively related to labour force participation and employment: the higher the level of education the better chances to find employment. The other side of the coin is that those with higher education have better chances of finding well-remunerated jobs abroad. In fact, the earnings differential (measured as Gross Domestic Product in USD per individual employed) between Bosnia and Herzegovina and Germany – one of the top destination country of Bosnian migration flows – is 2.5 times.<sup>88</sup> A high rate of skilled emigration weakens human capital accumulation in the country, lowers productivity and poses additional challenges in labour markets. To reverse this trend, employment and earnings opportunities for the highly skilled need to be substantially improved.<sup>89</sup>

Lack of decent and productive employment opportunities, slow job creation in the formal economy and persistent skill mismatching result in a large share of work taking place in the informal economy. Estimates on the size of the informal economy in Bosnia and Herzegovina differ according to the methodology used. The most recent estimate available shows that the informal economy in 2009 accounted for 26.5% of Gross Domestic Product.<sup>90</sup> This has likely not changed dramatically.

The ILO estimates informal employment to account for about 30% of total employment, with the highest peaks recorded in agriculture and among young workers and the low-skilled.<sup>91</sup>

Informal employment among young workers is on average 30% higher than informality among prime-age workers.<sup>92</sup> For the younger cohort, informal employment represents a survival strategy to escape from open unemployment, but it offers little hope of progressing to formal employment. Large shares of informal employment have serious implications for human capital accumulation, productivity, in-work poverty and the overall fiscal position of the country. It has been estimated that around 5% of overall payroll contributions are lost in total through informal employment.<sup>93</sup> Informality is mainly reflected through payment of so-called envelope wages.<sup>94</sup>

Agriculture is an important source of informal employment, with workers in this sector considered to be the least likely to move to formal jobs. Conversely, service workers are those more likely to shift from informal to formal jobs.<sup>95</sup> This explains the higher rates of transition from informal to formal employment of workers in urban areas compared to workers in rural areas.

An ILO analysis shows that one of the major obstacles to moving to formal employment is a lack of adequate skills. Active labour market measures should be guided towards the upgrading of skills to enable job seekers to enter the formal labour market. Public works should be used to develop specific skills demanded in the formal labour market. The analysis has further shown that a large share of informally employed workers receive unemployment benefits. Hence, passive labour market policies should be coupled with more active measures, since passive measures alone are generally not effective in reducing informal employment.<sup>96</sup>

<sup>87</sup> Khare S., Ronnas P., Shamchiyeva L. 2011. *Employment diagnostic analysis: Bosnia and Herzegovina*. International Labour Office. (Geneva).

<sup>88</sup> ILO; Youth labour migration trends, ILO Geneva, (forthcoming).

<sup>89</sup> Khare S., Ronnas P., Shamchiyeva L. 2011. *Employment diagnostic analysis: Bosnia and Herzegovina*. International Labour Office. (Geneva).

<sup>90</sup> Tomaš, R. *Siva ekonomija u Bosni i Hercegovini*, Friedrich Ebert Stiftung, 2009. Other estimates range from 30% to over 50%. See Scheider, Shadow Economies of 145 Countries all over the World: Estimation Results over the Period 1999 to 2003 at <http://www.dur.ac.uk/john.ashworth/EPCS/Papers/Schneider.pdf>; Dell'Anno, R. and Piirisild, M., 'Estimate of Non-Observed Economy in Bosnia and Herzegovina', USAID, November 2004. [http://pdf.usaid.gov/pdf\\_docs/Pnadv958.pdf](http://pdf.usaid.gov/pdf_docs/Pnadv958.pdf).

<sup>91</sup> Rosas, G., Corbanese, V., O'Higgins, N., Roland, D., & Tanovic, L. (2009). *Employment Policy Review Bosnia and Herzegovina*. Strasbourg: Council of Europe., p.10. The figures for 2001-2002 of the Living Standards Measurement Survey point to a 37-40% share of informal employment, World Bank (2005), "Bosnia and Herzegovina Country Economic Memorandum", Report No. 29500-BA, The World Bank, Washington, DC.

<sup>92</sup> Ibid.

<sup>93</sup> Kamenica, A. (2009). *Strengthening Social Partnership in Bosnia and Herzegovina: Addressing the Problem of Undeclared Work in the Construction Sector through Social Partnership*. p.18

<sup>94</sup> International Labour Office (ILO). 2011. *A comparative Overview of Informal Employment in Albania, Bosnia and Herzegovina, Moldova and Montenegro* (Budapest).

<sup>95</sup> Khare S., Ronnas P., Shamchiyeva L. 2011. *Employment diagnostic analysis: Bosnia and Herzegovina*. International Labour Office. (Geneva).

<sup>96</sup> International Labour Office (ILO). 2011. *A comparative Overview of Informal Employment in Albania, Bosnia and Herzegovina, Moldova and Montenegro* (Budapest).

## 02. Rural Economic Development

BiH is one of the most rural countries in Europe. Around 60% of its population live in rural areas, whether defined as villages or as scarcely-populated municipalities, and only Montenegro, Ireland and Finland have a higher share of rural population in Europe.<sup>97</sup> Demographically, rural communities tend to be older than urban, with a smaller proportion of people working and driving the local economy. There is also a gradual migration of people from rural to urban areas, with the share of population living in rural areas falling by approximately 10% every generation. Economically, the big divide is between the larger cities and the rest of BiH, with official statistics showing that Sarajevo, Banja Luka and the four other larger cities<sup>98</sup> having almost 40% lower unemployment, 25% higher wages and over twice the *per capita* GDP as the rest of the country, all of which attracts a significant movement of people to the cities. Outside these main centres of population and economic activity, the urban municipalities – dominated by medium-sized towns – actually perform worse than rural areas on almost every economic indicator.<sup>99</sup>

Rural dwellers in BiH have much greater distances to travel to services such as banks, hospitals and secondary schools, though most have a small shop, primary school or, sometimes, a clinic within a reasonable distance. Whilst electricity and telephone lines are available almost everywhere, many villagers use wood for heating and have septic tanks rather than connections to mains sewerage, with quite a few drawing their water from springs and wells. Most rural households have no formal agricultural training and do not make use of available advisory services, with less than a third of even the biggest farms being reached. Half of rural households own a computer, usually with an Internet connection, but the main way they obtain information is through watching television.<sup>100</sup>

Further research indicates that village dwellers do not suffer a significant disadvantage in terms of formal education, with the majority managing to get their children to school despite the distances involved. However, for those fami-

lies already at a high risk of dropping out, particularly the Roma minority, the need to travel may be the final straw that induces children to give up on their education. Early childhood education is a different story, with rural children receiving slightly less support at home and only one third as much access to kindergartens as urban children.<sup>101</sup>

Most rural households generate their income in one of two ways: from regular employment (52%) or from social benefits (36%), with only 6% of them depending on agriculture for the majority of their income. Several indicators suggest that the rural population is not very entrepreneurial, with most preferring a steady job to starting their own business, and families in employment having higher average incomes than the self-employed. However, around 13% of rural households may be considered as full-time or part-time farmers, producing significant quantities for sale, although they gain more than three-quarters of their income from outside agriculture. Additionally, it is important to note that 36% of rural households operate “smallholdings,” producing a significant share of their own food requirements.

Local governments appear best positioned to steer the local development process in BiH. To a large extent, they are disconnected from the deteriorating political dynamics at entity and state levels that cause frequent institutional deadlocks and limit development opportunities. Furthermore, most of the socio-economic competencies within the BiH constitutional arrangement rest with local governments and their services and departments. However, local governments continue to face a number of challenges, ranging from inadequate policy, legal and institutional frameworks and lack of functional and fiscal decentralisation reforms, to insufficient revenue, weak organisational, management and partnership capacities, and a lack of knowledge and skills to deal with intricate territorial, economic and social development processes and increasing expectations and opportunities. Local governments rarely engage in formal cooperation arrangements to attract investments, create employment opportunities, enhance regional competitiveness and improve service delivery. Taking into account that local governments in BiH can be categorised as

<sup>97</sup> UNDP National Human Development Report: “Rural Development in BiH: Myth and Reality,” July, 2013.

<sup>98</sup> Tuzla, Zenica, Mostar and Bijelina, each of which has at least 100,000 inhabitants.

<sup>99</sup> UNDP National Human Development Report: “Rural Development in BiH: Myth and Reality,” July, 2013.

<sup>100</sup> Rural Household Survey, UNDP National Human Development Report, July, 2013.

<sup>101</sup> UNICEF. 2013 MICS. [http://www.unicef.org/BIH/media\\_21363.html](http://www.unicef.org/BIH/media_21363.html)

mono-type (i.e. they all have the same rights and responsibilities regardless of often great differences in terms of their size, population and type), considerable unexploited potentials lie in inter-municipal and regional cooperation to support a bottom-up approach to development. Moreover, insufficient networking and coordination with higher government levels result in limited participation and representation of local governments in rural and regional development policy-making.

A careful examination of rural areas, and rural-urban comparisons with a wide variety of indicators, shows that many common assumptions of rural life are not necessarily true and that there are, in many cases, similarities to urban areas. Rural areas do not exist in isolation and they are closely linked to the fate of the nearby towns and cities and to the economic, social and political life of the country as a whole. In that context, while agriculture cannot be seen as the main driving force of the overall economy, it can still make an important contribution, taking into account considerable potential for increasing agricultural productivity and profitability. Agricultural development could also have positive effects on food security and poverty reduction (considering that agriculture very often represents the only source of income for the most vulnerable, including returnees and IDPs), the grey economy and social transfers by the government.

BiH requires well-defined, vertically and horizontally harmonised rural policies and measures on all levels that will meet the needs of ordinary farmers: well-functioning markets, adequate support services, consolidation and enlargement of farms, access to finances and transfer of knowledge, so that the technologies of crop and livestock production, already well-established in western Europe, can be adopted in BiH. Other priorities for rural citizens relate to job creation outside of agriculture, enhancing of services and building or repairing of infrastructure - including the transport infrastructure that will allow them to access jobs and services in nearby towns and cities.

### 03. Social protection and Pension System

BiH, as a country in transition, faces specific social challenges. The war-time displacement of a large part of the population and the economic consequences of the long transition process, have set the stage for numerous worrying social trends. A low fertility rate, an ageing population with an increasing dependency ratio, emigration of young and educated people, decreasing human capital, high levels of unemployment - particularly among young people, women, persons with disabilities and minorities - and poor education are all areas of serious concern. Additionally, BiH is faced with steadily worsening levels of poverty and inequality - particularly between urban and semi-urban areas - as well as increasing fiscal deficits, debt and declining revenues, and increasing numbers of excluded and marginalised populations such as Roma and persons with disabilities.

Effective social protection systems usually include four components: social transfers, programmes to ensure access to services, social support and care services, and legislation and policy reform. The social protection system in BiH originated in the social insurance system established in the former Yugoslavia in the 1920s and was extended and developed in the Socialist Federal Republic of Yugoslavia.<sup>102</sup> The current system is composed of a social security (insurance based) component<sup>103</sup> and a social assistance (non-contributory) component.<sup>104</sup> BiH's level of spending on social protection is not an appropriate indicator to assess the quality and effectiveness of the social protection system. The largest share relates to contributory programmes and pensions, while very little is spent on social assistance (non-contributory) programmes. The BiH social protection system is the most expensive and least effective in Europe in terms of reaching the poorest quintile of the population. A large share is allocated to war veterans (although reductions have occurred under IMF pressure), but these benefits are not well targeted. As a result, only a fraction of the poor and socially excluded actually receives

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<sup>102</sup> Vaughan, E. J. (1965) Social insurance in Yugoslavia, *The Journal of Risk and Insurance*, 32(3): 385-393.

<sup>103</sup> *Social security/insurance*: Social protection programmes which rely on individuals' monetary contributions to guarantee income security and access to essential social services are classified as social insurance. These can include programmes such as health insurance, unemployment insurance and contributory pensions (UNICEF).

<sup>104</sup> *Social Assistance*: Although utilised in slightly different ways depending on the organisation, social assistance generally refers to non-contributory, publically financed cash or in-kind transfers, which may be long term, as in the case of family or child allowances, or short term, as in the case of maternity benefits for unemployed mothers (UNICEF).

benefits. The inadequate distribution of social assistance benefits between different groups is a serious issue of concern. The eligibility for social assistance is frequently made on the basis of categorical criteria that lead to discrimination against some marginalised and disadvantaged groups that are not recognized as an eligible category.<sup>105</sup> In relation to disability, the level of protection varies depending on whether the disability is related to war or to an accident, illness or pre-existing since birth, which results in unequal protection. Around 60% of people above the age of 65 are not covered through regular old-age pension benefits or any other scheme. In addition, the amount of pensions received is insufficient for a large share of beneficiaries (average pension in BiH in January 2013 amounted to BAM 336/USD 223).<sup>106</sup>

Responsibility for legislation, planning and implementation of social protection policies is held at various levels in Bosnia and Herzegovina's complex system of governance: at Entity level in the case of the Republika Srpska (RS), at District level in the case of Brčko District and at Cantonal level in the case of the Federation (FBiH). This complexity of governance in BiH and the separate jurisdictions places additional constraints on the system, and gives rise to considerable territorial disparities and inequalities in the provision of benefits and services,<sup>107</sup> which also restricts mobility. For example, child benefit rates differ greatly between Cantons in FBiH, resulting in perceptions of injustice.<sup>108</sup> Persons with disabilities continue to receive very different benefits, and have different rights, depending on their place of residence and, as mentioned above, the cause of disability.

Due to the adverse economic situation, Cantonal and municipal budgets have been reduced as part of the fiscal austerity scheme, to reduce the structural fiscal deficit and public debt. This will inevitably further constrain expenditure on social protection.<sup>109</sup>

Acknowledging existing gaps and challenges, BiH authorities took measures with the aim of reducing poverty, vulner-

ability and inequality, and harmonising entitlements across the country, thus contributing to compliance with EU standards. The Governments made some progress in strengthening social protection, especially in relation to legislation and policies, coordination and referral mechanisms across social sectors established at the local level, leveraging resources, and broadening access to inclusive services at the local level, especially in the areas of early childhood and development, education and child protection.

While resumption of economic growth is an essential long-term solution to reduce extreme poverty and social exclusion, the short-term risks should be met by appropriate systems of social protection and social inclusion as well as by an optimised system of benefits and transfers. Continued structural changes are required at the policy, legislative and budgetary level, coupled with direct interventions at the local level to generate results for the most vulnerable. Further harmonisation of social protection schemes is required to eliminate regional inequalities and to ensure that benefits are based on the level of disability rather than its underlying cause.

Other key challenges that remain to be addressed include, primarily, ineffectiveness of administrative capacities dealing with social protection programmes, cross-sectoral coordination of social protection interventions and mistargeting of social assistance. The influx of new beneficiaries and an ageing population, combined with emigration of young people, require the pension system to be substantially reformed in order to improve its effectiveness and sustainability.

### Child Protection

According to UN Analysis,<sup>110</sup> over half of the households in BiH use violent discipline methods on their children (55% for the general population and 57% for the Roma population). Based on an epidemiological study conducted by Sarajevo University on the prevalence of child victims of violence and neglect, conducted among children aged

<sup>105</sup> EC 2008a

<sup>106</sup> BiH Agency for Statistics.

<sup>107</sup> Ibid

<sup>108</sup> OSCE 2012

<sup>109</sup> The government's aim to reduce public sector wage bills to make room for an increase in social support and protect the poor. In RS this will be achieved by eliminating the take-home pay protection for public sector employees, in FBiH by maintaining reductions in the base wage made in early 2012. In addition, social benefits are being reviewed through eligibility audits.

<sup>110</sup> MICS 4, conducted by UNICEF (2012)

between 11 and 16 years old, it appears that 75.5% of the interviewed children were subject to physical violence, 67.7% to psychological, 18.6% to sexual harassment (9.75% via contact), and 48% to neglect.<sup>111</sup> Violence against children is considered a private family matter by the majority. Additionally, the understanding that violence can take forms other than simple physical brutality is scarce. Additionally, the large presence and relatively easy accessibility of small weapons increases the potential for forms of violence which could lead to death or permanent injuries.<sup>112</sup>

In BiH, the ratio of children placed in alternative, family-based care to children placed in institutions is 1-to-1.75 - a worrisome trend when compared to the standards set by the UN Guidelines for the Alternative Care of Children.<sup>113</sup> In addition, 67% of all children in institutions are children with disabilities.<sup>114</sup> They are also more prone to spend longer in institutions, and to be vulnerable to neglect and abuse.

The already limited information gathered by authorities fails to reflect the reality of the situation in BiH, as the majority of cases of violence go unreported. The limited capacity and ineffective allocation of resources to Centres of Social Welfare coupled with the absence of systematised case management makes it more difficult for the system to provide adequate support and prevent cases of violence, the separation of families, and ensure adequate services to children and their families in general.

Despite evident progress in this area, including enhancement of responsive capacities of local centres for social welfare and assistance, some of the key challenges that remain to be addressed include raising awareness of child protection issues, strengthening data collection systems and building the capacities of Centres for Social Welfare and other relevant services providers, with special care taken as regards the needs of children with disabilities and their families. Further effort will need to be invested in the prevention of separation of children from their families and creation of alternatives to institutionalisation of children. This remains

one of the priorities, and will require special attention, care and focus in the future.

## 04. Social Inclusion

Little progress has been made in improving conditions for the socially vulnerable and/or people with disabilities. Social exclusion, poverty and unemployment remain a pressing problem, with growing inequalities in terms of income, educational and health, and over 50% of the population suffering from at least one form of social exclusion.<sup>115</sup> Among the most vulnerable are persons with disabilities, returnees, displaced persons, Roma, families with two or more children, women, especially female heads of households, the elderly, the unemployed and low-skilled youth, particularly in rural and semi-urban areas.

### Roma population

The Roma Multiple Indicator Cluster Survey, MICS (2012) confirms that, for almost all indicators, the situation of Roma is significantly worse than for the general population. The probability for a Roma new-born child of not reaching its first birthday is three times higher than for another child in BiH. The probability of being protected against preventable diseases through appropriate vaccines is a mere 4%, a stark contrast to the 68% among the majority population. Roma children are also three times more likely to live in poverty. Only 1.5% of Roma children attend pre-school education programmes (compared to 13% for the general population). The enrolment of Roma children in primary education is 69%, and only 22.6% for secondary school (91.8% for non-Roma). Additionally, one out of three girls will give birth before reaching 18 years of age, putting her own and her baby's health at risk, and jeopardizing her educational opportunities. The literacy rate for Roma women aged 15-24 is a low 68.9% (99.3% for non Roma women of the same age). Over half (57.6%) of Roma children experienced some form of violence during the month preceding the survey. On the subject of domestic violence, gender discrepancies between Roma and non-Roma women are divergent. Almost half of

<sup>111</sup> The data were presented on January 24<sup>th</sup> 2013 at an event to show the results of the study. The study is part of a regional initiative funded by the EU in Balkan countries. The final report has yet to be published. <http://becan.eu/node/11>

<sup>112</sup> [http://www.unicef.org/BiH/media\\_17819.html](http://www.unicef.org/BiH/media_17819.html), <http://undp.ba/upload/publications/Small%20Arms%20Survey%202010-2011.pdf>

<sup>113</sup> [http://www.unicef.org/aids/files/UN\\_Guidelines\\_for\\_alternative\\_care\\_of\\_children.pdf](http://www.unicef.org/aids/files/UN_Guidelines_for_alternative_care_of_children.pdf)

<sup>114</sup> Ibid

<sup>115</sup> UNDP, *Social Inclusion in Bosnia and Herzegovina – National Human Development Report 2007*, UNDP, 2007, p. 9.

Roma women (44%) aged 15-49 believe that a husband/partner has the right to beat his wife/partner, while only 4.8% of non-Roma women feel the same way. This recent data clearly shows a deep equality gap between Roma and the rest of the population. Furthermore, a 2010 government survey showed that up to 10% of Roma in BiH lack birth certificates, citizenship registration and other essential documents needed to prove their citizenship and gain access to basic rights and services. There is therefore a need to address these gaps through appropriate targeting of policies and programmes in order to break this vicious cycle of exclusion.

### **Children and adults with disabilities**

It is estimated that more than ten percent of the population in Bosnia and Herzegovina has a visual, hearing, speech, cognitive, mental or motor impairment disability, and that they are three times more likely than the average person to live below the poverty line.<sup>116</sup> Persons with disabilities constitute one of the most vulnerable and least empowered groups in BiH and are exposed to discrimination, poverty, and exclusion. They are at high risk of inequities in health, lower education attainment, and higher rates of unemployment. Persons with disabilities receive very different benefits, and have different entitlements, depending on the cause of disability and place of residence. BiH also lacks a Framework Law covering disability. Regulations are inconsistently applied and the criteria for granting work or living allowances and payments to people with disabilities have not been harmonised. Current education, health and social protection systems give very little quality support to children with developmental delays and disabilities. The inclusion of these children in mainstream schools and kindergarten is mostly unsuccessful, because of the absence of an early intervention system, compounded by a lack of trained staff and developed infrastructure to support the inclusion of children. Furthermore, there is a lack of systematic record keeping or a database of those with disabilities, as well as a lack of application of widely accepted international standards by the authorities that assess the level of disabilities.<sup>117</sup>

Children with disabilities continue to be one of the most marginalised groups in BiH. The 2006 Multiple Indicator Cluster Survey estimated that 6.5 % of children from 2 to 9 years of age have some form of disability in BiH. The primary challenge is the lack of access to services for early detection of developmental delays and disabilities, including preschool and basic education in mainstream educational institutions. The main causes are the lack of adequately trained professional staff (BiH higher education institutions do not produce special education professionals), as well as limited collaboration between health, education and social work sectors. In many cases, children with disabilities are removed from regular classes to be placed in special classes or separate institutions, where their learning outcome is likely to be lower and where they may suffer from stigma and discrimination. An estimated 67% of children placed in residential care in BiH are children with disabilities, a number which has been steadily growing during the last decade, and is the highest in the region.<sup>118</sup> As a consequence, children with disabilities and their families often live on the margins of society, with few prospects other than becoming an expensive burden to society as adults.

### **Elderly**

In BiH, persons aged 65 and above make up 14.19% of the total population. Expenditures on pensions take up an average of 10.3% of the GDP, and as such are among the highest levels when compared with the EU and the other countries of the Western Balkan region. However, around 60% of people above the age of 65 – primarily the rural population - are not covered by regular old-age pension benefits, or indeed any other scheme. This low coverage represents a serious social problem for Bosnia and Herzegovina, making this population vulnerable to poverty and social exclusion. Another major problem is that pensions for a large proportion of beneficiaries are so low that they are insufficient to cover basic living costs (average pension in BiH in January 2013 amounted to BAM 336/USD 223, while relative poverty rate in BiH in 2011 was set at BAM 416/USD 288 ).<sup>119</sup> Almost half of all beneficiaries receive the minimum pension pay-

<sup>116</sup> Initial Report of implementation of CRPD in Bosnia and Herzegovina:  
[http://www.mhrr.gov.ba/Javni\\_poziv/INICIJALNI%20%20IZVJESTAJ%20BIH.pdf](http://www.mhrr.gov.ba/Javni_poziv/INICIJALNI%20%20IZVJESTAJ%20BIH.pdf)

<sup>117</sup> Select All\* e-Accessibility for persons with disabilities: An assessment for South Eastern Europe, UNDP, 2012

<sup>118</sup> UNICEF Bosnia and Herzegovina: Knowledge, Attitude, Practice research on children with disabilities, 2013

<sup>119</sup> BiH Agency for Statistics and HBS data .

out which places them below the absolute poverty rate established at BAM 235/USD 163).<sup>120</sup>

### Minorities and other vulnerable groups

In the education sector, BiH adopted the Law on Prohibition of Discrimination in July 2009 and the Revised Action Plan on the Educational Needs of Roma in July of 2010. However, discrimination in schools continues to be prevalent with a phenomenon of divided schools and mono-ethnic schools that persists in some towns of BiH, where classes are separated on the basis of ethnicity. The harmonisation of legislation with the anti-discrimination law is inadequate, resulting in its limited practical implementation, as evidenced by the small number of complaints of discrimination registered and the low level of public awareness on the legal remedies available in cases of discrimination. Findings from different studies indicate that there is 'a general lack of sensitivity amongst both students and teachers to explicit forms of child discrimination in schools in BiH' and this 'is more evident in areas where the majority of population belongs to a single ethnic group'. These studies warn of grave consequences of the current education system, preparing future generations in BiH for separate development with little knowledge or respect for each other. Survey results show that attendance of early childhood education programmes doubled compared to 2006, rising from 6 to 13%, which is still relatively low. There is a clear equity gap as access remains mainly restricted to children living in the most affluent households (31% access for the top quintile), while those living in the poorest households have almost no access (2% for the poorest quintile).

Achieving better social inclusion outcomes and more equality in BiH requires greater efforts to promote social inclusion of the Roma population, persons with disabilities and minorities in particular, but also of other vulnerable groups. The harmonisation of entitlements across the country in a more effective and cost-efficient manner remains one of the key challenges to be addressed in the upcoming period, as well as strengthening of the BiH institutional capacities and policies in line with the international standards and obligations.

## 05. Education

Attendance in early childhood education increased from 6.4% in 2006 to 13.1% in 2011/2012 in BiH, which is still low. Only 2% of children from the poorest quintile attend pre-school education programmes, with the figure for Roma children standing at 1.5%.

A Framework law on pre-school education was adopted, with provisions on obligatory early childhood education one year prior to primary school. However, the minimum number of hours is too limited to ensure school readiness. There is currently political willingness to expand early childhood education services across the country. By facilitating co-funded Cantonal and municipal government programmes for pre-school education, access to early childhood education in one third of the country's administrative units has increased, despite shrinking public resources. This is an important initial step by the UN towards addressing the socioeconomic and cultural barriers that deny vulnerable and minority children the opportunity to enter school on time and be ready to learn.

BiH has nearly achieved universal primary school enrolment (98%), although the rate still remains very low for Roma children, standing at 69.3%. Children without parental care and returnees have a worryingly low primary education completion rate: 9.8% and 7.0% respectively. Around 10% of children with special needs never get a chance to enter a primary school, and of those who do, only 26.6% complete their primary education.

The secondary school net attendance ratio stands at 91.8% for the mainstream population and at only 22.6% for the Roma population, showing extreme inequalities - the completion rate is a mere 2.7% among Roma.<sup>121</sup>

The highly complex administrative and decision-making structure in BiH has proved a hindrance to the harmonisation of educational legislation across the country. Additionally, standards of quality and access set out in the education

<sup>120</sup> WB/IBHI calculation based on HBS 2011 data. For more information see Progress towards the Realisation of Millennium Development Goals in Bosnia and Herzegovina. 2013 Report.

<sup>121</sup> Other education statistics include: 13,1% attendance to early childhood education (1,5% for Roma); 16,3% school readiness (4,1% for Roma); 97,6% primary school net attendance ratio (69,3% for Roma); 91,8% secondary school net attendance ratio (22,6% for Roma); 3,3% of young people older than 18 had not completed any formal education (Source: MICS 4 and Voices of Youth Survey, 2012)

reform strategy have not been systematically applied. Efficient implementation of the existing action plans and legislation is further constrained by the lack of reliable official statistics on the number of marginalised children in BiH.

Education reform strategies, laws and various policy documents promote principles of equal access, availability, acceptance, effectiveness and official recognition, non-discrimination and absence of segregation in education. However, in practice, students and teachers continue to experience ethnic and religious segregation, intolerance and division. The existence of mono-ethnic schools is of serious concern, and is much broader than the issue of “two schools under one roof”. There is a growing trend of separating children on the basis of ethnicity, and enrolling them in schools with different curricula.

As shown in recent UN studies and analyses,<sup>122</sup> education can act as a springboard for dialogue and reconciliation in BiH. The long-term stability and prosperity of the country will depend on young people’s openness and ability to overcome differences and find common ground on issues that will affect all citizens and communities in BiH. Youth, parents and teachers have expressed openness towards dialogue and engagement.<sup>123</sup> Tackling the segregated schooling of students of different ethnicities while providing acceptable and culturally relevant education for all students in all parts of BiH, should remain a priority for the country. In order to eradicate existing discriminatory practices, it is crucial to promote inter-cultural education with policy makers, practitioners and communities.

Other forms of segregation, although less noticeable, are happening with respect to Roma children and children with disabilities. This includes discriminatory attitudes from other children, teachers and local communities, which discourage children from attending school or parents from sending them to school.

The enrolment gap between Roma and non-Roma children for the age group 7-15 stands at 48.1%, and only 20% of Roma adolescents (aged 16-19) attend secondary education.

Efforts to implement the principle of inclusiveness mandated by education laws have thus far been inadequate. Discriminatory practices and prejudices still affect a large number of children with disabilities. Marginalisation of these children begins at an early age. They are not given access to basic education in mainstream educational institutions due to several factors: lack of or limited basic facilities required to ensure their accessibility to kindergartens and schools; teaching staff that are not prepared to work with them; school curricula that are not flexible and adapted to these children’s special educational needs. Lesbian, gay, bisexual, and transgender (LGBT) youths, those living with HIV, and pregnant young women also face various forms of discrimination. In addition, there are limited opportunities to benefit from sexual education. By all indications, the level of knowledge of adolescents about reproductive health is insufficient, particularly in RS, where according to a study conducted in 2009, this level remains significantly low (in 87.9% cases).<sup>124</sup> Such an unenviable situation is most likely a result of the lack of life-skills education at home and school. Inclusiveness of children with disabilities, Roma children and other vulnerable children and adolescents in mainstream education should be of particular concern for the UN in BiH and its assistance framework. According to the latest Education for All Global Monitoring Report<sup>125</sup> the adult literacy rate (people aged 15 and above) is 98 % (99% for male and 96% for female). However, the percentage of illiterate women is higher in rural areas. In addition, only 68.9% of Roma women aged 15-24 are literate.<sup>126</sup>

According to a World Bank Report,<sup>127</sup> enrollment in tertiary education in BiH is low. Currently, only 3% of the total population of BiH has a tertiary degree. A slightly higher percent-

<sup>122</sup> As part of the MDGF joint UN programme “Culture for Development: Improving Cultural Understanding in Bosnia & Herzegovina”, implemented by UNESCO, UNDP and UNICEF in 2009-2012, two surveys on Knowledge, Attitudes and Practices (KAP) were conducted in 2010 and 2013. These KAP studies concluded that, in the ten target municipalities, the attitudes regarding inter-cultural dialogue and reconciliation have changed positively. The 2013 study concluded that additional gains in the field of intercultural dialogue, tolerance and reconciliation could be made through further outreach with parents and teachers and education of youth.

<sup>123</sup> See KAP Studies (2010 and 2013) on attitudes of youth, educators and parents in ten Municipalities.

<sup>124</sup> Zivkovic, M. (2009). Adolescenti, fertilitet i reproduktivno zdravlje mladih u RS. (Adolescents, fertility and reproductive health of Youth in the RS), p.70, available at: <http://www.doiserbia.nb.rs/img/doi/0038-982X/2009/0038-982X0902067Z.pdf> (accessed on 16 July 2013)

<sup>125</sup> <http://www.unesco.org/new/en/education/themes/leading-the-international-agenda/efareport/statistics/statistical-tables/>.

<sup>126</sup> Multiple Indicator Cluster Survey 4, 2012 (UNICEF)

<sup>127</sup> Are skills constraining growth, 2009 (World Bank)

age (5%) of the population aged 25-65 has a tertiary degree. In the EU, on average, 24% of the population has a tertiary degree. The stock of unemployed tertiary graduates as of 2008 was 13,000, only 5% of a total pool of 271,000 unemployed (this level is down from 16,000 unemployed tertiary graduates in 2006).

A State level Strategy for entrepreneurial learning in education for 2012-2015 was adopted, along with an implementation plan. The FBiH made some progress on harmonising Cantonal laws on vocational education and higher education with the framework laws (four of the ten Cantons adopted legislation on vocational education and nine on higher education). However, there is no State-level law on the recognition of higher education qualifications. The Conference of Ministers of Education adopted Guidelines on recognition of higher education qualifications, which address the problem of different practices in different parts of the country, but the Guidelines are not legally binding. Due to the lack of harmonised legislation, different practices continue to be used throughout the country for recognition of diplomas and qualifications in higher education.

Another important aspect of the educational situation in BiH is life-skills based education, including sexual education and its importance in addressing very critical subjects of youth life. Initial efforts have been made to mainstream life-skills in the education system, such as the Sarajevo Canton<sup>128</sup> project. One key challenge that remains, however, is in reaching out-of-school youths. Further efforts should be made to support life-skills based education, including information on sexuality, reproduction and safe sexual practices, as well as entrepreneurial learning for adolescents and youth. In addition, the UN can support better involvement of young people in policy dialogue and decision-making. Future efforts may also consider supporting BiH authorities

and civil society to implement specific behaviour changing activities targeting out-of-school youth, with a focus on Roma and other at-risk population groups.

## 06. Health

Healthcare organisation, finance and delivery are the sole responsibilities of each entity/district in BiH, while the Ministry of Civil Affairs of BiH is responsible for coordination and harmonisation at the state level. The FBiH Law on Health Protection<sup>129</sup> regulates indisputable rights to access health services of standard quality and equal substance, while the Law on Health Insurance<sup>130</sup> guarantees the right, within the obligatory health insurance coverage, to perinatal care, medications, medical aids, and artificial insemination. The Law on Health Protection of RS<sup>131</sup> prescribes that the health protection and care is to be guaranteed to all citizens. Family planning services perinatal and maternal care, are guaranteed for up to 12 months after delivery.

When it comes to the funding of healthcare professionals and facilities, BiH is relatively efficient in its allocation of resources. However, the administrative fragmentation and lack of collaboration with other sectors are the main reasons for observed inefficiencies in service delivery and inequalities in access to health services. Mandatory social health insurance based on payroll taxation is the principal mechanism for health funding throughout BiH, rendering the health system very sensitive to all fiscal and economic disturbances.

With its life expectancy at birth estimated at 76 years,<sup>132</sup> BiH is comparable to other countries in South-Eastern Europe as well as EU members since 2004 and 2007. In the last 15 years, BiH has demonstrated steady progress in improving child health and reducing child mortality (IMR 5.7/1000 and U5MR 8/1000<sup>133</sup>), although these figures are substantially higher for socially vulnerable population groups such as

<sup>128</sup> A Healthy Lifestyles education programme, based on comprehensive behavioural change approach that focuses on the development of life skills such as communication, decision making, thinking, managing emotions, assertiveness, self-esteem building, resisting peer pressure, and relationship skills is being initiated in the education system at the Sarajevo Canton. The school curriculum includes as informal education sessions on SRH and HIV/AIDS prevention. Topics related to SRH, life skills and healthy lifestyle are covered through a cross-curricular approach, i.e. thematic lessons integrated in broader subjects such as biology.

<sup>129</sup> "Official Gazette of the Federation of BiH", no. 29/97

<sup>130</sup> "Official Gazette of the Federation of BiH", no. 30/97, 7/02 and 70/08

<sup>131</sup> "Official Gazette of Republika Srpska": 106/09

<sup>132</sup> European Health for All Database (HFA-DB). Copenhagen: World Health Organization, Regional Office for Europe, August 2012.

<sup>133</sup> Bosnia and Herzegovina Multiple Indicator Cluster Survey (MICS) 2011-2012, Final Report. Sarajevo: UNICEF, 2013.

Roma (IMR 24/1000 and U5MR 27/1000 respectively). The available data also indicates that 17% of children under 5 years of age are overweight, which has much to do with changing diets.<sup>134</sup>

The estimated maternal mortality ratio has halved in the last 20 years,<sup>135</sup> from 18 per 100,000 in 1990, to 8 per 100,000 in 2010. Nevertheless, the quality of care is affected by lack of updated medical guidelines and protocols in line with international standards and the health information management system needs improvement to enable better monitoring and policy development.

Non-communicable diseases are the leading cause of morbidity and mortality in BiH, with approximately 50% of deaths attributable to cardiovascular diseases and additional 20% to cancer. The ageing population and unhealthy lifestyles associated with diet, tobacco and alcohol use and other risk factors are main contributors to the disease burden. Furthermore, nutrition remains one of the main public health challenges in BiH, particularly in relation to families and children from marginalised groups.

Mental health problems, especially those arising from war-related psychological trauma, still represent an important public health issue and priority. Services for early detection and intervention in cases of developmental delays and disabilities are non-existent and, as a result, these problems often go undetected till in a late stage of development, or upon enrolment in primary school.

Reproductive health and rights policies have been adopted at state and maternal and women's health protection is a strategic priority in both entities. Access to essential reproductive health services for women is legally guaranteed by the public health insurance schemes; however, women often have to pay for the services, since medical insurance

is largely linked to employment. The Policy on sexual and reproductive health was adopted in 2012 by the Council of Ministers of BiH and the Governments from FBiH, RS and BD-BiH, but its implementation is partial and M&E mechanisms and budgeting are largely missing.

The total unmet need for family planning is 9% for women aged 15-49. It is higher amongst women aged 20-24 (24%) and women aged 25-29 (21%).<sup>136</sup> Access to family planning has been traditionally placed as a task on women and requires stronger men involvement.<sup>137</sup> In 1999, 35.6 per cent of women in RS and 29.7 per cent of women in FBiH reported having had one or more abortions.<sup>138</sup> It is estimated that abortion continues to be the main method for fertility regulation and the quality of pre and post abortion counselling, including information on contraception, needs to be improved.

Despite a long-lasting legacy of effective public health interventions and programmes, there is an unfinished agenda of communicable diseases in BiH. Tuberculosis is still more common in BiH than in neighbouring countries (prevalence rate 66/100000).<sup>139</sup> Only 68% of children in BiH enjoy the benefits of being fully immunised against the main vaccine-preventable diseases, while the immunization system is failing to reach Roma children, for whom the extremely low coverage of 4% has been reported.<sup>140</sup>

Despite notable achievements in healthcare reform in BiH, particularly reforms of primary healthcare (PHC) based on family medicine, a number of health system challenges remain to be addressed. These include inefficient service delivery due to an overreliance on hospitals at the expense of PHC and public health services, limited institutional capacity and institutional fragmentation characterised by weak human resources management and duplication of functions, uncertain financial sustainability and inequalities in access to health care frequently caused by insurance

<sup>134</sup> Ibid.

<sup>135</sup> According to the data from WHO, UNICEF and UNFPA

<sup>136</sup> Multiple Indicator Cluster Survey (MICS) and Millennium Development Goals (MDG) Indicators for Bosnia and Herzegovina 2011-2012- Istraživanje višestrukih pokazatelja izvještaj (The Multiple Indicator Cluster Survey - BiH), available at: [http://www.childinfo.org/files/MICS4\\_BiH\\_RomaSurvey\\_FinalReport\\_2011-12\\_Eng.pdf](http://www.childinfo.org/files/MICS4_BiH_RomaSurvey_FinalReport_2011-12_Eng.pdf) (accessed on 16 July 2013)

<sup>137</sup> CEDAW 4th and 5th periodic reports for BiH, Statement 340, May 2011

<sup>138</sup> 1999 UNFPA-WHO collaboration for a comprehensive representative survey of SRH of women in BiH

<sup>139</sup> Global Tuberculosis Report 2012. Geneva: World Health Organization, 2012.

<sup>140</sup> Ibid.

status and non-portability of insurance within the country. The overall outreach and home visiting services have undergone significant changes. Family medicine was introduced, transforming mother and child home visits into static services, delivered mostly within a primary healthcare setting, and conducted strictly in accordance with the protocol of family medicine, focusing on diseases rather than on child health, development and protection. Equality also remains an issue, as home visits do not appropriately address the needs of vulnerable and marginalised populations, such as Roma. Furthermore, an underdeveloped healthcare informational system that does not provide the high-quality information needed for evidence-based policy-making serves to create difficulties in making system-wide decisions.

BiH needs to improve its capacity to assist drug users and to ensure drug prevention policies which may anticipate the resorting to treatment services which well function must be guaranteed per se.

BiH, like all other European countries, has to adapt to changing demography and evolving patterns of diseases, especially chronic diseases, mental health challenges and conditions related to ageing. This requires reorienting healthcare systems to give priority to disease prevention, fostering continuous quality improvement and integrated service delivery (including the provision of targeted social services), and ensuring continuity of care by relocating it to PHC/family medicine. Strengthening public health institutional arrangements, capacity-building and reinforcing health protection, health promotion, and disease prevention may result in important future health and economic benefits for society. Continuous investments to ensure a healthy start in life for new generations, and development, monitoring and evaluation of rights-based strategies and policies on family planning, reproductive health, and gender equality thus remain key priorities in BiH. In addition to improving overall levels of population health, policy objectives should be framed in terms of advancing solidarity, universal coverage, improved access to and quality of services, and patients' rights.

Achieving better health outcomes and more equality in BiH requires substantial strengthening of public health functions and capacities as well as effective cross-sector approaches to address health determinants lying outside the health sector. Mutually supportive policies across a wide range of issues – economic, social and environmental – are essential for combating the spread of diseases, maintaining

healthy mothers and well developed children, workforce and elderly and ultimately reducing poverty. Good health governance in BiH should thus ensure policy coherence for health and development at all levels of government. Health policies, strategies and legislation at all levels in BiH should aim to address population health through whole-of-society and whole-of-government approaches.

## 07. Refugees and Displaced Persons

At the beginning of 2013, seventeen years after the signature of the DPA, a total of 84,500 persons remain registered as internally displaced, and 8,500 still live in dilapidated temporary collective centre accommodation, while a further 15,000 live in 'alternative' housing, mostly in very poor conditions. Furthermore, estimates show that some 47,000 persons who had returned in earlier years to areas where their ethnic group is in the minority have been unable to achieve a sustainable solution in their communities of return, due to lack of access to livelihoods, rights, basic services and infrastructure, or adequate shelter. These three types of displaced persons in BiH – the displaced, the collective centre residents and the socially excluded – represent the last major challenge for dealing with the human consequences of the wars of the 1990s. The situation of the first two types is well-known because they have a documented status. The socially excluded, on the other hand, have no status documentation and are counted only among the poor and vulnerable of the BiH population as a whole, or, more likely, are not systematically counted at all.

A Revised Strategy for the implementation of Annex 7 of the Dayton Peace Agreement 2010-2014, agreed on the basis of contributions from a wide range of stakeholders, was approved by the BiH Parliament in 2010. The Strategy pressed for renewed efforts to achieve returns and durable solutions for all those still displaced, but also recognised for the first time the possibility for the most vulnerable displaced families to find solutions in their current place of residence in lieu of returning to their place of origin. This policy shift opened the way for planning to re-house the residents of collective centres in purpose-built social housing to be established in the same municipalities where they were currently residing, and achieving a solution for this group was stated as the number one priority of the Revised Strategy.

The international community has recognised the challenge of the remaining displaced people throughout the Balkan

region. In November 2011 BiH, Serbia, Croatia and Montenegro, as four national partners, agreed to establish a Regional Housing Programme (RHP) to bring an end to key aspects of the protracted post-war displacement situation in the Region, and an International Donor Conference held in Sarajevo in April 2012 raised close to USD300 million towards the cost of reconstructing housing for 72,000 persons over a 5-year period, ending in 2017, in the four countries. For BiH, the RHP aims to assist 5,400 families, of whom 2,400 are to be returning internally displaced persons other than the collective centre residents, 2,400 are to be BiH refugees returning from Serbia and Croatia to their areas of origin, and the remaining 600 are refugees from Croatia in BiH. Another large programme funded by an anticipated Council of Europe Development Bank (CEB) loan will provide social housing for 2,600 of the 3,000 displaced households still residing in the collective centres. These housing programmes, together with legal aid and livelihood support targeting the most vulnerable families, are the main form of assistance currently available to the remaining displaced.

However, while addressing the housing aspect of displacement in BiH is necessary, it is not a sufficient solution. To deal properly with the challenges, a policy shift is required away from the exclusive focus on individual assistance towards comprehensive solutions. These should join assistance to individuals with development of communities and local level institutions and policy and institutional change at the entity and state levels. These three types of intervention need to be properly coordinated and linked to the adoption of consistent approaches for assessment, prioritization and evaluation of progress based on the Revised Strategy.

The start of the Regional Housing Programme gives added importance to the policy shift, because the considerable investments in housing risk being ineffective if adequate complementary measures are not in place to tackle the sustainability issues. At the same time, the RHP and the CEB loan offer the opportunity to insist on complementary measures, particularly policy level reforms in housing and social welfare.

A better balance is required between assistance for housing and infrastructure and other forms of sustainability support needed by vulnerable families in terms of access to rights, in-

come generation and basic services. Further efforts will also be required towards establishment of effective coordination mechanisms to oversee and facilitate implementation of the Revised Strategy and disbursement of the government's resources in accordance with needs rather than rights and entitlements. It is important to highlight that the RHP and CEB loan projects will, between them, assist 14,547 IDPs out of a total remaining registered IDP population of 84,500, leaving many needs still unmet. An agreed and adequate plan for the implementation of the Revised Strategy is still lacking.

## 08. Census and Population Dynamics

Accurate population data, including gender disaggregated data, is largely lacking in BiH. The last census was in 1991, when the country was still a part of former Yugoslavia, and estimated the population in BiH<sup>141</sup> at approximately 4.8 million. The Law on Census in BiH was adopted in February 2012, prescribing enumeration by ethnicity. After lengthy negotiation processes, officials reached an agreement and finalised preparations for holding the Census according to international criteria in October 2013. Although mostly technical, the census discussions have been deeply politicised over the past years, largely because the number of seats in the House of Representatives and other institutions is based on ethnicity, and the process of return of the BiH citizens living abroad has not officially been completed yet, as prescribed by the Annex 7 of the GFAP.

While final census data is pending, preliminary Census data indicates that BiH population is at 3.79 million. The recently released 2012 Revision of the UN Population Division's *World Population Prospects* estimated the population at approximately 3.83 million and projected a gradual decline to 3,751 million in 2025, 3,332 million in 2050 and 2.374 million by the end of the century. According to official statistics, since 2010, BiH entered a period of negative population growth with a declining birth rate, a slight increase in the death rate, and negative net migration.

According to the UN Population Division and the Agency for the Statistics of BiH, 14% of the population is younger than 15.<sup>142</sup> The estimated population aged 60 or more was 20.9%

<sup>141</sup> <http://www.fzs.ba/Dem/Popis/NacPopE.htm>, accessed on 23 May 2013.

<sup>142</sup> Ibid.

in 2012, and is expected to reach 34.9% in 2050. The percentage of the population having reached 80 years or more was 1.9% in 2010, and in 2050 it is projected to reach 9.3%. In 2010, the median age of the population was 38.6, though this is expected to increase to 42.4 in 2025, and up to 50.4 in 2050. The UN Population Division estimates that the current life expectancy of 76.3 years - 73.7 years for men and 78.8 years for women in BiH - will reach 81.6 years in 2050 - 80 for men and 83.3 for women.

The total fertility rate is 1.205 children per woman, below the replacement rate of 2.1 children per woman.<sup>143</sup> To respond to current demographic trends, BiH needs comprehensive multi-sectorial policies that take full advantage of the development potential of people of all ages, and promote a family-friendly environment, while simultaneously adapting the social security, pension, healthcare and education sectors to their emerging needs.

At the State level, there are no coherent policies to address the low fertility rate, ageing and migration. Some family-friendly policies are in place in the RS, as a reaction to negative population growth starting in 2002;<sup>144</sup> while the FBiH<sup>145</sup> has not developed such policies as of the date of the publication of this report, despite its entering of the stages of negative population growth in 2010.

Substantial changes in population structure occur due to massive internal and external migration caused by past conflict, and political and economic crises. Limited statistical data on emigration indicates that 1,240,942 emigrants born in BiH are living in 14 countries.<sup>146</sup> However, exact data on emigration trends is largely missing. The number of internal migrants in 2012 was 40,305, a 20% increase compared to the previous year; 48.6% (19,579 people) were aged 20-39; but data is not disaggregated by causes of migration, thus limiting its utility for development policies. Comprehensive migration database and evidence-based policies are lacking at State and Entity levels, and the existing policies to ensure the transfer of the rights of internally migrating populations from one part of the country to the other are not enforced

and fully implemented. High rates of external youth migration, an ageing population and low employment rates are expected to increase pressure on the pension, social and health systems in the country.

To address these challenges, the UN should work closely with the BiH authorities to step-up efforts in strengthening the government capacity at State, Entity and local levels for population data collection, analysis, dissemination and use, including for census and migration data. The collective UN efforts should also provide assistance in facilitating development and implementation of evidence-based population policies in line with demographic trends, with full respect for gender and human rights, and integrated in the broader development process. The UN in BiH is well positioned to support the BiH efforts in meeting these challenges through technical assistance available in strengthening the national capacities for population data collection, analysis, dissemination and use for informed policy development, including for census data. Over the years, the UN has also established good and constructive partnerships with Parliamentarians, governmental and non-governmental structures which have enabled the conduct of an initial round of consultations and baseline research aiming at strengthening the national capacity for the development of comprehensive, evidence-based population policies.

## 09. Environment and Energy

Despite an abundance of natural resources and rich biodiversity, environmental protection has not been a priority in the post-war economic recovery process in BiH, and environmental management throughout the country suffers from lax and uncoordinated institutional, policy and legal frameworks and management mechanisms. As a consequence, policies, plans and programmes often fail to take into account environmental impacts. In the recent past, governments in BiH have stated their commitment to putting environmental priorities and international obligations high on the agenda, but with up to four administrative levels, as well as environmental administration and regulatory

<sup>143</sup> BiH Agency for Statistics

<sup>144</sup> Development policy of population RS, 2005

<sup>145</sup> <http://www.fzs.ba/Dem/Vital/VitalnaBos.htm>

<sup>146</sup> [http://www.marri-rc.org/upload/Documents/MP\\_BiH\\_2012\\_ENG.pdf](http://www.marri-rc.org/upload/Documents/MP_BiH_2012_ENG.pdf)

control to contend with, monitoring and information systems remain complex, fragmented and often overlapping.

The current economic downturn presents significant opportunities to reorient the recovery process by increasing investment in clean and efficient technologies, renewable energy and ecosystem services. These all have potential for increasing economic returns, job creation, poverty reduction and increased foreign direct investment. Speeding up of the EU accession process and adoption of the EU Acquis Communautaire is perceived as an important driver in the reform efforts of the environmental sector. Some environmental laws in both entities have been adopted or harmonised in line with a number of EU directives. However, adoption of the entire EU environmental acquis requires extensive changes to the existing institutional and legal framework. Multilateral Environmental Agreements (MEAs) also serve as requirements to achieve full legal harmonisation with the EU acquis. A lack of progress in implementing these agreements is partly due to the limited financial and human resources in public administration at the State level and at the level of Entity/Brčko District. The institutional capacity to deal with international obligations is often not in place, even though the country has acceded and ratified a given international agreement. A parallel difficulty, arising from the weak and confusing institutional set up, is the absence of reliable and consistent collection of data, meaning that measurements and monitoring systems to properly enforce the legal requirements are missing. There also remains a question concerning the quality, depth and enforcement of the legislation. Dissemination of information and public debate are therefore important tools to support MEA implementation.

In view of the lack of a State level environment agency, the inter-entity approach has been a good compromise. Inter-entity collaboration has been strengthened through the Inter-Entity Steering Committee for the Environment, which has functioned reasonably well in coordination and harmonisation of environmental law and policy between the two entities, and provides a good example of inter-entity cooperation. However, it has had limited impact in raising environmental issues to State level and in ensuring the necessary level of vertical and horizontal coordination and communication. There is also an evident lack of State and/or Entity agencies specialised in the management of nature and designated areas, which poses a significant problem for reaching sufficient levels of environ-

mental protection, proper management of protected areas and designation of new ones. The way forward in all environmental sectors is firstly to develop sectorial strategies (most of them are adopted, some of them are in the proposal stages, or early phases of adoption) and to develop appropriate institutional arrangements for the implementation of these strategies. A crucial aspect is also to clearly define the responsibilities and budgetary allocations for each activity within the strategies in order to avoid any duplication of efforts, and ensure adequate coordination and effectiveness in their implementation.

Similar to environment-related challenges, energy issues have not been a priority in post-war processes in BiH, resulting in institutional, policy and legal framework gaps and inconsistencies. Although BiH is a member of the Energy Community Treaty, as well as other energy related multilateral agreements and Conventions (such as the UN Framework Convention on Climate Change), energy efficiency, renewable energy, electricity and natural gas obligations are not met due to a lack of cooperation between energy authorised institutions at the State, Entity and Cantonal level. Moreover, energy related strategies, agencies and national action plans on energy efficiency and renewable energy do not exist at a state level, and therefore goals and obligations are difficult to monitor and report.

However, energy (specifically energy efficiency and renewable energy) has the potential to be one of the biggest vehicles for the further economic development of BiH: due to high energy intensity and high energy conservation potential in the residential and public sector of BiH, the adoption of EU energy efficiency and renewable energy acquis in BiH would result in further economic development through employment in so-called "green" jobs and services.

Energy consumption in residential, non-residential/public, industrial, and service sectors in BiH is not efficient. Yet BiH has significant potential for energy conservation and could base its future mid-term economic development and new employment on energy efficiency measures in the residential and public sector. Currently, BiH spends about 20% of its GDP on energy, which is three times higher than the U.S. and other EU countries. Gross total primary energy consumed per unit of GDP is 0.938 toe / USD 2000,<sup>147</sup> which is 2.5 times the average of 27 EU countries and higher than almost any other country in the SEE

<sup>147</sup> Regular Review of Energy Efficiency Strategies in BiH, 2011

region. Moreover, the average energy consumption of a public building in BiH is three times higher than the EU average, categorizing them as completely energy inefficient buildings.<sup>148</sup> In order to meet this energy intensive consumption demand, a significant amount of budget funds must be allocated to the energy expenditures of public buildings (educational, health, cultural, municipal and entity/state institutions etc.), representing a major proportion of the already inadequate public budget.

While some efforts are being made to increase employment and encourage investment in strategic projects such as energy facilities and to decrease energy consumption, the potential of these investments is limited. This is due to the traditional practice of public works employing a sizeable portion of the workforce, the lack of legislation governing energy efficiency and renewable energy, and undeveloped market and financial mechanisms, and means to effectively monitor, verify, and report on a sector wide or industry basis.

The EC 2012 Progress Report for BiH reported little progress on energy efficiency.<sup>149</sup> The legislation on EE / RES has partially been drafted and partially adopted. Entity's and/or State level energy efficiency action plan(s) and a credible roadmap(s) for transposition of the relevant EU legislation on energy efficiency to meet obligations under the Energy Community Treaty are still missing. Moreover, "the systematic diffusion of energy efficiency considerations as an integral part of policy, regulation and control has hardly begun in BiH,"<sup>150</sup> preventing creation of a favourable investing environment and systematic energy monitoring and decision making approach into EE / RES investments/measures. Furthermore, BiH currently lacks the official Energy Policy or Strategy and is not in the position to purposefully absorb or allocate required funds for EE investments. As of now, development and capacity building projects to meet BiH's EE / RES EU accession obligations focused mostly on the state level, while the involvement of Entity and Cantonal level authorities has been rather limited, resulting in limited success of EE/RES projects.

Some EU directives have been transposed and adopted to primary and secondary legislation in both entities, however, still there are no monitoring and reporting mechanisms in

place nor are the harmonised directives sufficient. Unlike the Energy Community Treaty, BiH's obligations to the UN Framework Convention on Climate Change are regularly met due to a well-defined mechanism and competencies between relevant Entity and State ministries which could serve as guidance for other energy and environment related activities with BiH institutions.

Future support of the UN in this sector should focus on strengthening energy and environment related governance, as well as on creating an environment favorable for energy efficiency and renewable energy activities. Building upon its ongoing activities, past experience, and well established partnership with relevant BiH authorities, the UN may concretely focus on strengthening institutional capacities at State, Entity and local level, and reinforcing inter-entity and entity-internal line ministries cooperation and coordination. The future cooperation should also consider the technical assistance required to transpose and implement the EU acquis in this sector, adoption and implementation of adequate environmental, evidence-based policies, and environmental monitoring and reporting needs. In order to maximise impact in enforcing energy efficiency and renewable energy in BiH, the focus should be shifted to the bottom-up approach (local/Canton/Entity/ State) while creating market and financial mechanisms, and means to effectively monitor, verify, and report on a sector wide or industry basis.

## 10. Culture

Due to the complex social, ethnic and political situation in BiH, culture can be used as an effective tool to exacerbate existing divisions in society – and it is often used for this purpose by political elites. This is clearly demonstrated, for example, in the way artists who succeed internationally are perceived by the BiH population – not as a national success, but as an achievement or victory for a particular ethnic group. Despite this powerful divisive potential, culture is rarely included, or even seen as a priority, when it comes to the formulation of development agendas. However, at the same time, as a positive influencer, culture plays important role as a factor of sustainable development, reconciliation and economic growth.

<sup>148</sup> According to the EU Eco-Management and Audit Scheme (EMAS)

<sup>149</sup> Bosnia And Herzegovina 2012 Progress Report, EC, 2012

<sup>150</sup> In-Depth Review of Energy Efficiency Policies and Programmes, ECT, 2012

Culture in BiH is rarely understood in a larger, global context – due to a lack of cooperation between entities, and an unbalanced approach by cultural ministries, the cultural sector is underdeveloped and under supported. The sector has been further weakened by the 2010 Constitutional Court of FBiH decision,<sup>151</sup> which ensured that cultural benefits are effectively limited to specific individuals and groups. The most damaging effect of the lack of coordination is the unresolved status of the seven major cultural institutions which safeguard treasures of BiH – that lead to the closure of the National Museum of BiH in October 2012. What little cooperation there is between cultural institutions remains strictly informal, with no

concrete systems, mechanisms or official policies to facilitate the process. Additionally, cultural cooperation is often stalled due to a lack of institutional and political will.

As of 2011, the situation in the culture sector has seen small amounts of progress. However, the lack of an effective system for cultural issues at a national level, unbalanced management at entity levels, and an absence of appropriate legal frameworks are serious hurdles for the future of culture in BiH. Additionally, attitudes to culture must be changed – its potential as a vehicle for economic development, culture and reconciliation is not yet adequately recognized.

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<sup>151</sup> FBiH Constitutional Court's decision U-29/09, Law on FBiH ministries and other FBiH governing bodies. 28 September 2010. [www.ustavnisudfbih.ba](http://www.ustavnisudfbih.ba).

# 03.

Prioritization of  
UN Development  
Support



# 03.

## Prioritization of UN Development Support

### A. Impact of the UN's Current Engagement in BiH

The UN's current engagement in BiH is guided by the 2010-2014 UNDAF signed with the BiH Council of Ministers in March 2009 focusing the work of the UN on four thematic windows: Governance, Social Inclusion, Environment and Human Security. The UNDAF envisaged UN system support with estimated resources of USD179.3 million for four outcome areas, however, by the beginning of the fourth year (2013) of the UNDAF implementation, resources delivered had reached USD176.5 million. In terms of the distribution of resources, Social Inclusion claimed the largest proportion (USD71.4 million or 40.5%), followed by Human Security (USD62.5 million or 35.4%), Democratic Governance (USD24.0 million or 13.6%) and Environment (USD18.5 million or 10.5%).

According to the UNDAF 2010-2014 Final Evaluation conducted in the first half of 2013, an estimated 40% of indicators have been achieved and 30% are on target, with just 10% failed after three years of UNDAF implementation. This indicates solid performance by the UN within the current UNDAF, with scope to increase the "target achieved" rating and reduce the "on track" during 2013 and 2014.

In the area of governance, the independent evaluation indicated a clear impact the UN engagement has yielded in strengthening (1) statistics systems and capacity development to provide evidence based information for planners and policy makers; (2) planning and implementation capacity of integrated activities at local municipal levels which

also involve close participation of civil society; (3) Access to justice, through policy and legal framework to address long-standing grievances relating to judicial reform, war crimes, gender-based violence, etc. and (4) facilitating citizen participation in state-citizen accountability and the monitoring of children's rights.

The results were also visible in the Social Inclusion thematic window in the UNCT's efforts to reinforce participatory policy development and implementation processes to ensure inclusive and quality basic social and child protection, employment, education, health, and inter-cultural dialogue services, with particular focus on socially excluded and vulnerable groups.

The final evaluation also indicated an evident impact of the UN assistance in the Environment thematic window, primarily in institutionalisation of environmentally sustainable development by addressing climate change issues, initiating energy efficiency projects, reducing greenhouse gases through clean development projects, and strengthening national management capacity. The UN assistance also contributed to increased capacity of primarily local municipal authorities to formulate and implement environmental local action plans and supporting projects.

In the area of Human Security, the focus was on supporting the BiH authorities to address the threats posed by natural disasters, communicable diseases (including HIV/AIDS and tuberculosis), landmines, small arms and light weapons and their surplus as well as issues of migration. Substantial results have been reported in the Final Evaluation in the ar-

eas of migration and asylum planning, institutional support for immigration management, the installation of information systems, the strengthening of collaboration between police forces, training of border authorities, combating trafficking in human beings and the demobilization and reintegration of former soldiers. The UN has also played a significant role in the formulation and implementation of the BiH Action Plan on UN Security Council Resolution (UNSCR) 1325 on Women Peace and Security. Support to the elimination of violence against children and child protection has also been provided.

The overall assessment of the Final Evaluation indicates that despite an evident impact of the UN assistance in addressing the challenges concentrated in the defined thematic windows, the magnitude of these issues remain substantial and will require further attention from the BiH authorities as well as international development partners in future. As such, these areas may continue to be of concern and interest for the future cooperation between the UN and BiH and should be considered for the next UNDAF.

## B. Trends in Donor Development Assistance in BiH

The donor coordination responsibility, including data collection and publishing of annual Donor Mapping Reports, was transferred from the UN to the BiH Ministry of Finance and Treasury (MoFT) in early 2009. Despite evident progress in donor coordination in BiH, primarily in the areas of data collection and information sharing, the MoFT requires additional capacity for data analysis and sector-based coordination and leadership. Following the transfer of responsibility, the UN has provided very limited and sporadic support to the MoFT and its donor coordination body, the Donor Coordination Forum (DCF), however, the UNDAF formulation process may provide an opportunity to re-assess jointly with the MoFT the capacity gaps and potential for further UN support.

The nature and size of the donor community in BiH has gone through considerable changes over the last five years in terms of its presence and funding opportunities. The overall trend indicates significant decrease in the number of donor partners active in BiH as well as financial allocations available

for BiH. This is primarily connected with the negative impact of the global financial crisis, but also with the fact that the international development assistance has refocused its efforts to other crisis-prone areas in the world. The diminishing donor community in BiH is a fact that needs to be taken into consideration when discussing and planning future priorities of the UN development assistance in BiH. It may require additional consolidation and coordination of the UN operational as well as programmatic activities in order to minimise its operational costs and maximise its programmatic impact. Delivering as One is a viable option for consolidation. Furthermore, the programmatic and financial targets to be identified in the next UNDAF will need to reflect this negative trend and provide a realistic and achievable set of goals. Lastly, the prioritization aspect of the future UN assistance in BiH should also consider the priority sectors in terms of donors' financial allocations and potentially match its comparative advantage to these priority sectors.

In 2011, Spain/AECID, UK/DFID and Netherlands and others ceased their operations and closed offices in BiH, while Austria/ADC is gradually phasing out direct bilateral technical assistance by the end of 2013. Total allocations of the donor community in BiH in 2011 amounted to USD762.5 million out of which USD241.2 million was in the form of grants while USD521.3 million was in the form of loans. ODA allocations indicate a significant decline if compared to the previous period. Compared to 2010, this represents an overall decrease of USD187.8 million in the total ODA allocations, with a USD12.1 million increase in grants and a USD199.9 million decrease in loans. Inclusive with July 31st, 2012 total allocation by the donor community amounted to USD543.7 million, out of which USD216.1 million was in the form of grants and USD327.7 million was in the form of loans.<sup>152</sup>

In terms of individual donor partners, EU/EC, USA/US-AID, Sweden/Sida, Germany and UN provided the largest amounts of grant aid in 2011 followed by Switzerland/SDC/SECO, Norway, Netherlands, Austria, Italy/IC and The World Bank. The highest percentage of ODA in 2011 was allocated to Infrastructure (39%) followed by Economic Development and Social Protection (31%), while the least funded sectors were Local Governance and Cross-cutting issues. The same trend was noticed in 2012 with the highest percentage of

<sup>152</sup> Donor Mapping Report 2011-2012. Ministry of Finance and Treasury of Bosnia and Herzegovina.

ODA allocated to Infrastructure (45%) followed by Economic Development and Social protection (19%), while the least funded sectors remained the same.

## C. Demand for UN Development Support

The UN in BiH is well-positioned to contribute to the country's overall development. This is a result of its global experience and expertise, its established partnerships with line ministries and local governments, as well as its recognised impartiality in a highly politicised national context. However, to define the content and the character of the future UN cooperation with BiH will be a complex task. In order to ensure the biggest impact, the future UN development support will have to take into account volatile political dynamics of the country, complex governance structure with highly decentralised decision making process, ambiguous division of competencies and insufficient national capacities.

Under these circumstances, the strategic planning process will require a more pro-active leadership on behalf of the UN in terms of prioritizing areas of future cooperation between the UN and BiH and engagement of both, the state- as well as the Entity level government counterparts during the consultation process. To this end, this CCA offers a preliminary development agenda for the next UNDAF that could serve as guidance for strategic discussion with BiH counterparts. In order to ensure as wide as possible participation of BiH government counterparts in formulation of the next UNDAF, the Strategic Prioritization Retreat (SPR) will be primarily intended for participation of governments' and civil society organisations' representatives with separate consultations to be organised with representatives of the donor partners in BiH following the SPR.

The EU integration process requires close coordination and consultation between the UN and the EUD when addressing the BiH's development challenges and defining the future priorities for UN and BiH cooperation. These must take account of the UN System mandate in BiH and its limita-

tions, its comparative advantages, as well as its operational and programmatic capacities.

In general, the UN's comparative advantage in BiH is reflected through three distinct, but mutually reinforcing, components. The neutral and impartial mandate of the UN agencies in a highly charged and politically sensitive environment of BiH provides the UN with a clear advantage in terms of accessing all levels of government in BiH and advocating development policies and changes in a harmonised approach across the country. The UN enjoys strong field presence in BiH with operational interventions in more than half of municipalities in BiH and support provided through regional offices in Banja Luka, Mostar, Bihac and Srebrenica. The extensive field presence has enabled the UN to develop strong partnerships with local municipal governments, NGOs and private sector representatives. In the current political context of BiH, which is subject to frequent institutional deadlock at the state, canton and entity levels, partnership with local governments continues to yield biggest development impact and results. With its global presence and diversified expertise, the UN is in a unique position to assist the BiH authorities in their efforts to address a wide spectrum of development challenges in BiH and to access best practices and latest knowledge in resolving these issues.

In the effort to collect additional information on the potential areas of focus for the future cooperation between the UN and BiH and better assess the UN comparative advantages in BiH, the UNCT performed an online survey in the summer of 2013 with counterparts from various levels of government, non-governmental organisations, international partners, and the UN staff and another online survey with citizens on key development priorities. Based on 654 responses,<sup>153</sup> the surveys provided useful information to better comprehend expected results from the UN-BiH partnership and key development priorities for the country and the UN focus for the forthcoming mid-term period. The survey offered a list of 24 sectors/themes that are important for the development of BiH asking participants to indicate those where the UN can make the biggest difference. The top 15 results are shown below:

<sup>153</sup> Total responses: 654: National partners 161 responses (Government 120, NGO 41), International partners 23 responses, UN Staff: 98 responses, Citizens: 372 responses. Online survey was run in the period July-August 2013.

### Top 15 Development Areas Identified by Survey's Participants

1. Economic Development and Employment
2. Rural and Local Development
3. Child protection
4. Social Inclusion and Inequalities (Including economic inequalities, Gender Equality, People with Disabilities, Roma, Sexual Orientation, Youth, Minorities, Elderly, etc.)
5. Water, Energy Efficiency and Environmental Sustainability
6. Justice, Rule of Law, Human Rights and Refugee Protection
7. Health (including Child and Maternal Health, Sexual and Reproductive Health, Family Planning, Public Health, etc.)
8. Agricultural development
9. Fight Corruption and Organised Crime
10. Social Protection
11. Education, including pre-primary, primary and secondary education, university, adult education and lifelong learning
12. Infrastructure Development
13. Violence (Domestic Violence, Sexual/Gender Based Violence, Violence against Children, etc.)
14. Cultural heritage
15. De-Mining and small arms reduction

The analysis of the BiH development context provided in the previous sections along with the results of the survey on the UN comparative advantage in BiH leads to the following conclusions:

- There has been recent progress in development outcomes, to which the UN support has also contributed;
- Further strengthening of partnerships with local governments and the bottom-up approach should be considered;
- The focus on human rights and inclusion of vulnerable groups remains the overarching priority in the BiH development context;
- Acknowledging evident progress, the priority areas identified in the 2010-2014 UNDAF still require further consolidation and therefore should continue to drive the next UNDAF formulation process;
- Recognising the ongoing political challenges in BiH, the UN may also assess collectively with the BiH authorities and international partners the potential entry points for the UN, including the capacity and the comparative advantage of the UN, to address some of these challenges which haven't been considered in the 2010-2014 UNDAF.

The analysis also indicates potential priority areas for future development cooperation between the UN and BiH. The CCA took into consideration the distinct mandates of each United Nations agency in BiH as well as their shared values and principles. Combining this with the post-2015 global development agenda (post-MDG agenda), the UNCT identified three broad areas that could serve as the starting platform for joint discussion with the BiH authorities on future UNDAF priorities:

- **Sustainable Development Pathways**
- **Governance, Justice and Human Security**
- **Human Development and Social Protection**

#### **Sustainable Development Pathways**

The UN may assist the BiH authorities in designing and implementing development approaches that aim to tackle the pertaining issues of poverty, inequality and exclusion while transforming productive capacities. The aim would be to help improve access to services, knowledge, skills and production technologies and the ability to sustainably utilise natural resources in the country. Furthermore, the focus

would be on strengthening the capacities of policy analysis and identification of potential reforms for employment generation and the creation of livelihoods. This would be complemented by strengthening of skills and institutional capacities to design, monitor, coordinate and implement national and sub-national strategic documents and development plans, as well as related policy reforms, including green economy policies. Special attention would be provided to vulnerable groups in local and rural areas, and linkages between the local planning process and supporting interventions with the national priorities. This would involve a particular focus on environmental, energy and climate change management, conservation and sustainable utilisation of biodiversity, investments in infrastructure, energy efficiency and agricultural development, sustainable management of natural parks, protection and promotion of cultural heritage, and reducing unemployment.

#### **Governance, Justice and Human Security**

The UN may play a significant role in promoting transparency and accountability across governing structures in BiH, and in helping them build their capacities and deliver benefits to citizens, whether in terms of better services, improved access to resources for employment and livelihoods, or greater human security. The aim would be to address the challenges of economic, social and political disempowerment of citizens, with particular focus on marginalised groups. Utilising its impartial mandate, the UN is well positioned to create platforms for dialogue, coordination and consensus building of various political, social and economic organised groups on major economic, social and governance reforms, as well as reconciliation and peace-building. This would be complemented by support provided for the strengthening of the rule of law in BiH, including access to justice, justice for children/juvenile justice, free legal aid, and efforts geared towards establishing mechanisms for facing the past in BiH, as well as the promotion of economic, political, social, civil and cultural rights and anti-discrimination and violence-prevention measures against women, girls, minorities and other vulnerable groups. Assistance may also be directed towards strengthening abilities to prepare for and deal with the consequences of natural disasters, with a particular focus of ensuring effective and efficient coordination mechanisms. Ageing military stockpiles continue to pose a significant security and development risk in BiH, and as such, the UN is well positioned to continue working with the BiH authorities in finding a long-term, sustainable

solution to this issue. UN focus on improved social fabric and judicial institutions would ensure better preparedness in combating transnational crime, as BiH institutions' weakness and fragmentation are easily exploited for organised crime purposes throughout the Balkan region. Sustained efforts would support and consolidate setting up regional and inter-regional security coordination mechanisms.

#### **Human Development and Social Protection**

The UN may assist the BiH authorities in reforming the education and health (including reproductive health) sectors, with the aim of ensuring their inclusiveness, quality and accessibility. The issues of segregation and discrimination in the education sector, as well as its mismatch with the labour market, demand special attention and the UN is well positioned to assist the BiH authorities in overcoming these challenges. Further assistance is required in strengthening the systems of social and child protection and inclusion in terms of the policy framework, access and quality of services and inclusiveness of the most vulnerable groups, such as disadvantaged children, the long-term unemployed, youths, Roma, displaced persons and refugees, persons with disability, people affected by HIV and AIDS and the ageing population. In this regard, UN support to closing the chapter on protracted displacement and resolving the residual issues with refugees, IDPs and especially collective center residents is seen as key in order to make best use of already dwindling resources allocated to this matter. UN support here should be aligned to the Revised Annex VII strategy and the Regional Housing Programme to ensure complementarity and coherence. Population dynamics present a crucial aspect for the purposes of future development planning in BiH, and the UN is in the position to offer expertise to BiH authorities to strengthen its capacities in collecting data and analyzing demographic changes in BiH society and plan accordingly. Policies for preventing the use of drugs especially among youth and to enhance treatment for users including information campaigning should also be considered for the UN engagement with BiH.

Through the spectrum of its work, lessons learned and best practices, the UN in BiH has wide experience in addressing the potential areas for future cooperation with BiH. The selected strategic areas are not intended to be fully inclusive of all UN agencies' interventions. While gender equality, youth and human rights are covered in special chapters, they are to be mainstreamed throughout all priorities for action as

well as capacity building of national counterparts. In order to address equity gaps, Roma and persons with disabilities will be covered both as a separate group and mainstreamed thru the programmes across all three areas of interventions.

Concrete priorities and results for the UN cooperation in BiH will be identified in full consultation with BiH authorities. The analysis presented in this CCA provides important information for the decision-making process.

# 04.

## Appendices



# 04. Appendices

## A. Appendix: Human Development Index for BiH

**TABLE 01** Position of Bosnia and Herzegovina Globally in terms of Human Development, 2012

Countries grouping, country	HDI value	Life expectancy at birth (years)	Mean years of schooling (years)	Expected years of schooling (years)	GNI/pc (Constant PPP 2005 \$)	Non-income HDI value
Very high human development	0.905	80.1	11.5	16.3	33,391	0.927
High human development	0.758	73.4	8.8	13.9	11,501	0.781
Medium human development	0.640	69.9	6.3	11.4	5,428	0.661
Low human development	0.466	59.1	4.2	8.5	1,633	0.487
Norway	0.955	81.3	12.6	17.5	48,688	0.977
Niger	0.304	55.1	1.4	4.9	701	0.313
World – average	0.694	70.1	7.5	11.6	10,184	0.690
Bosnia and Herzegovina	0.735	75.8	8.3	13.4	7,713	0.787
Relative level of Bosnia and Herzegovina, BiH = 1.00						
Very high human development	1.231	1.057	1.384	1.212	4.329	1.178
High human development	1.031	0.968	1.063	1.034	1.491	0.993
Medium human development	0.870	0.922	0.758	0.850	0.704	0.840
Low human development	0.635	0.779	0.510	0.632	0.212	0.619
Norway	1.299	1.072	1.517	1.300	6.313	1.241
Niger	0.414	0.726	0.173	0.366	0.091	0.398
World - average	0.944	0.924	0.900	0.862	1.320	0.877

Source: HDR 2013, pg. 144.

**TABLE 02** Position of BiH in Central and East Europe Countries according to HDI, 2012

HDI Rank	Country	HDI value	Life expectancy at birth (years)	Mean years of schooling (years)	Expected years of schooling (years)	GNI/pc (Constant PPP 2005 \$)	Non-income HDI value
70	Albania	0.749	77.1	10.4	11.4	7,822	0.807
81	BiH	0.735	75.8	8.3	13.4	7,713	0.787
57	Bulgaria	0.782	73.6	10.6	14.0	11,474	0.826
28	Czech Republic	0.873	77.8	12.3	15.3	22,067	0.913
47	Croatia	0.805	76.8	9.8	14.1	15,419	0.837
77	FYR Macedonia	0.740	75.0	8.2	13.4	9,377	0.777
37	Hungary	0.831	74.6	11.7	15.3	16,088	0.874
52	Montenegro	0.791	74.8	10.5	15.0	10,471	0.850
39	Poland	0.821	76.3	10.0	15.2	17,776	0.851
56	Romania	0.786	74.2	10.4	14.5	11,011	0.836
64	Serbia	0.769	74.7	10.2	13.6	9,533	0.823
35	Slovakia	0.840	75.6	11.6	14.7	19,696	0.872
21	Slovenia	0.892	79.5	11.7	16.9	23,999	0.936
Relative level of Bosnia and Herzegovina. BiH = 1.00							
70	Albania	1.02	1.02	1.25	0.85	1.01	1.03
81	Bulgaria	1.06	0.97	1.27	1.04	1.49	1.05
57	Czech Republic	1.19	1.03	1.48	1.14	2.86	1.16
28	Croatia	1.09	1.01	1.18	1.05	2.00	1.06
47	FYR Macedonia	1.01	0.99	0.98	1.00	1.22	0.99
77	Hungary	1.13	0.98	1.40	1.14	2.09	1.11
37	Montenegro	1.08	0.99	1.27	1.12	1.36	1.08
52	Poland	1.12	1.01	1.20	1.13	2.30	1.08
39	Romania	1.07	0.98	1.25	1.08	1.43	1.06
56	Serbia	1.05	0.98	1.23	1.01	1.24	1.05
64	Slovakia	1.14	1.00	1.39	1.09	2.55	1.11
35	Slovenia	1.21	1.05	1.41	1.25	3.11	1.19

Source: HDR 2013, pg. 148.

## B. Appendix: Status of MDG Progress in BiH

Objective/Target/ Indicator	Baseline 2000/ 2001	2007		2009 or latest available data (in 2010 MDG Progress Report)	2012 or latest available data	2015 MDG Targets (unless otherwise indicated)	Progress towards 2015 Targets	
		Targets as in PRSP	Achieved					
a	b	c	d	e	f	g	h	
<b>GOAL 1: To eliminate extreme poverty and hunger</b>								
1.1. Percentage of population living below the absolute poverty line	19.5	16.0	14.0	14.4 (2007)	14.4 (2007)	9.0	unlikely	
1.8. Unemployment rate in %	ILO definition	22.9	22	29.0	24.1 (2009)	28.0 (2012)	22.0	unlikely
	Registered	43.4	30	44.1	42.7	44.5 (2013)	30.0	unlikely
1.12. Unemployment rate within the 15-24 age group in %	34.8	30	58.4	48.7 (2009)	63.1 (2012)	12	unlikely	
<b>GOAL 2: To achieve universal primary education</b>								
2.1. Primary school enrolment rate, net %	97.0	95	98.4 (2005/6)	96	97.6 (2011/12)	100	Potentially	
2.4. Secondary school enrolment rate in %	68.3	75	79.3 (2005/06)	77	91.8 (2011/12)	85	achieved	
2.5. Higher education enrolment rate in %	23.0	25	33.5 (2007)	34 (2008)	38 (2011)	35	achieved	
2.6. Children attending pre-school care rate in %	4.3	12	6.4	9.9	13.1 (2011/12)	25.0	unlikely	
<b>GOAL 3: To promote gender equality and empower women</b>								
3.3. Share of women in wage employment in the non-agricultural sector in %	39.2	40.0	33.8	34.9	42 (2011)	45	likely	
3.4. Percentage of female representatives in the Parliament of BiH at the state level	14.3	16	10.5(2008)	10.5 (2008)	19 (2011)	25	potentially	
<b>GOAL 4: To reduce child mortality</b>								
4.1. Under-five mortality rate, per 1,000 live births	9.6	9.3	8.5	8.1 (2009)	7.7 (2011)	7.0	likely	
4.2. Infant mortality (under one year of age) per 1000 live births	7.6	7.0	6.6	6.5 (2009)	5.0 (2012)	5.0	achieved	
<b>GOAL 5: To improve maternal health</b>								
5.1. Maternal deaths (per 100,000 live births)	5.05	4.0	1 (2007)	2.9 (2009)	3.0 (2010) 6.3 (2011)	2.5	potentially	

Objective/Target/ Indicator	Baseline 2000/ 2001	2007		2009 or latest available data (in 2010 MDG Progress Report)	2012 or latest available data	2015 MDG Targets (unless otherwise indicated)	Progress towards 2015 Targets
		Targets as in PRSP	Achieved				
a	b	c	d	e	f	g	h
5.2. Percentage of assisted childbirths in %	99.6	100	99.5	99.9	99.9 (2011/12)	100.0	achieved
5.3. Contraception prevalence rate	49 (2001)	55	35.7(2006)	35.7 (2006)	46 (2011/12)	65	unlikely
<b>GOAL 6:</b> To combat HIV/AIDS, malaria and other diseases							
6.1. Adults with HIV/AIDS, number of new AIDS cases / number of deaths	111/5/3 (2004)	n/a	n/a	164/2/1 (2009)	164/2/1 (2009)	< 50 (annual)	achieved
6.3. Tuberculosis prevalence and mortality rate /100,000	cases	50	30	55	30	66 (2011)	unlikely
	mortality rate	4	0	8	<6	6.8 (2011)	
<b>GOAL 7:</b> To ensure environmental sustainability							
7.1. Percentage of forest area (% of land area)	b1) 44.6 b2) 55.6 b3) 42.8	52	42.7	53	42.8 (2011)	60	unlikely
7.5. Population with access to the water supply systems in %	53	58	65 (2008)	65 (2008)	61.7 (2011)	67	potentially
7.6. Percentage of the population having access to the water sewage system	33	36	36 (2008)	36 (2008)	36 (2008)	40	likely
<b>GOAL 8:</b> To develop a global partnership for development							
8.4. Official assistance for development (ODA) – as a percentage of GDP %	11.1	n/a	2.97	2.6	2.3 (2011)	1.0	likely
8.8. Phone lines per 100 population	22.6	15.0	28.2	27 (2008)	25 (2011)	26.0	achieved
8.10. Internet users per 100 population	1.11	4.0	27.9	34.7 (2008)	60 (2011)	15.0	achieved

Source: Progress towards the Realisation of Millennium Development Goals in Bosnia and Herzegovina, 2013 Report.

## C. Appendix: List of the UN treaties ratified by BiH and of priority relevance for future programmatic partnership with BiH

UN Treaties ratified by BiH	Ratification
1. International Covenant on Civil and Political Rights (ICCPR)	9/1/1993 succession
2. Optional Protocol to the International Covenant on Civil and Political Rights	3/1/1995 ratification
3. Second Optional Protocol to the International Covenant on Civil and Political Rights, aiming at the abolition of the death penalty	3/16/2001 ratification
4. International Covenant on Economic, Social and Cultural Rights (ICESCR)	9/1/1993 succession
5. Optional Protocol to the International Covenant on Economic, Social and Cultural Rights	1/18/2012 ratification
6. Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT)	9/1/1993 succession
7. Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment	10/24/2008 ratification
8. Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)	9/1/1993 succession
9. Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women	9/4/2002 ratification
10. International Convention on the Elimination of All Forms of Racial Discrimination (CERD)	7/16/1993 succession
11. Convention on the Rights of the Child (CRC)	9/1/1993 succession
12. Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict	10/10/2003 ratification
13. Optional Protocol to the Convention on the Rights of the Child on the Sale of Children, Child Prostitution and Child Pornography	9/4/2002 ratification
14. International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (CMW)	12/13/1996 accession
15. International Convention for the Protection of All Persons from Enforced Disappearance (CED)	3/30/2012 ratification
16. Convention on the Rights of Persons with Disabilities (CRPD)	3/12/2010 ratification
17. Optional Protocol to the Convention on the Rights of Persons with Disabilities	3/12/2010 ratification
18. Convention on the Reduction of Statelessness	12/13/1996 accession
19. Convention relating to the Status of Refugees	9/1/1993 succession
20. Convention relating to the Status of Stateless Persons	9/1/1993 succession
21. Protocol relating to the Status of Refugees	9/1/1993 succession
22. Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime	4/24/2002 ratification
23. WHO Framework Convention on Tobacco Control	7/10/2009 accession
24. Universal Copyright Convention, with Appendix Declaration relating to Article XVII and Resolution concerning Article XI. Geneva, 6 September 1952.	/12/1993 notification of succession
25. Protocol 1 annexed to the Universal Copyright Convention concerning the application of that Convention to the works of stateless persons and refugees. Geneva, 6 September 1952.	7/12/1993 notification of succession

UN Treaties ratified by BiH	Ratification
26. Protocol 2 annexed to the Universal Copyright Convention concerning the application of that Convention to the works of certain international organizations. Geneva, 6 September 1952.	7/12/1993 notification of succession
27. Protocol 3 annexed to the Universal Copyright Convention concerning the effective date of instruments of ratification or acceptance of or accession to that Convention. Geneva, 6 September 1952.	7/12/1993 notification of succession
28. Convention for the Protection of Cultural Property in the Event of Armed Conflict with Regulations for the Execution of the Convention. The Hague, 14 May 1954.	7/12/1993 notification of succession
29. Protocol to the Convention for the Protection of Cultural Property in the Event of Armed Conflict. The Hague, 14 May 1954.	7/12/1993 notification of succession
30. Convention against Discrimination in Education. Paris, 14 December 1960.	7/12/1993 notification of succession
31. Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property. Paris, 14 November 1970.	7/12/1993 notification of succession
32. International Convention on the Recognition of Studies, Diplomas and Degrees in Higher Education in the Arab and European States bordering on the Mediterranean. Nice, 17 December 1976.	7/12/1993 notification of succession
33. Universal Copyright Convention as revised on 24 July 1971, with Appendix Declaration relating to Article XVII and Resolution concerning Article XI. Paris, 24 July 1971.	7/12/1993 notification of succession
34. Convention on the Recognition of Studies, Diplomas and Degrees concerning Higher Education in the States belonging to the Europe Region. Paris, 21 December 1979.	7/12/1993 notification of succession
35. Convention concerning the Protection of the World Cultural and Natural Heritage. Paris, 16 November 1972.	7/12/1993 notification of succession
36. Agreement on the Importation of Educational, Scientific and Cultural Materials, with Annexes A to E and Protocol annexed. Florence, 17 June 1950.	9/1/1993 notification of succession
37. Protocol to the Agreement on the Importation of Educational, Scientific and Cultural Materials, with Annexes A to H. Nairobi, 26 November 1976.	9/1/1993 notification of succession
38. Agreement for Facilitating the International Circulation of Visual and Auditory Materials of an Educational, Scientific and Cultural character with Protocol of Signature and model form of certificate provided for in Article IV of the above-mentioned Agreement. Beirut, 10 December 1948.	1/12/1994 notification of succession
39. Convention relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite. Brussels, 21 May 1974.	1/12/1994 notification of succession
40. Convention on Wetlands of International Importance especially as Waterfowl Habitat. Ramsar, 2 February 1971.	9/24/2001 notification of succession
41. Convention on the Recognition of Qualifications concerning Higher Education in the European Region. Lisbon, 11 April 1997.	1/9/2004 ratification
42. Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Paris, 20 October 2005.	1/27/2009 ratification
43. International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations. Rome, 26 October 1961.	2/19/2009 ratification
44. Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of their Phonograms. Geneva, 29 October 1971.	2/19/2009 ratification
45. Convention for the Safeguarding of the Intangible Cultural Heritage. Paris, 17 October 2003.	2/23/2009 ratification
46. Convention on the Protection of the Underwater Cultural Heritage. Paris, 2 November 2001.	4/22/2009 ratification
47. International Convention against Doping in Sport. Paris, 19 October 2005.	4/22/2009 ratification

UN Treaties ratified by BiH	Ratification
48. Second Protocol to the Hague Convention of 1954 for the Protection of Cultural Property in the Event of Armed Conflict, The Hague, 26 March 1999.	5/22/2009 accession
49. Forced Labour Convention, 1930.	6/2/1993 ratification
50. Freedom of Association and Protection of the Right to Organise Convention, 1948.	6/2/1993 ratification
51. Right to Organise and Collective Bargaining Convention, 1949.	6/2/1993 ratification
52. Equal Remuneration Convention, 1951.	6/2/1993 ratification
53. Abolition of Forced Labour Convention, 1957	11/15/2000 ratification
54. Discrimination (Employment and Occupation) Convention, 1958.	6/2/1993 ratification
55. Minimum Age Convention, 1973 Minimum age specified: 15 years.	6/2/1993 ratification
56. Worst Forms of Child Labour Convention, 1999.	10/5/2001 ratification
57. Vienna Convention for the Protection of the Ozone Layer, 1985.	9/1/1993 ratification
58. Montreal Protocol on Substances that Deplete the Ozone Layer, 1987.	9/1/1993 ratification
59. The Amendment to the Montreal Protocol Agreed by the Second Meeting of the Parties, 1990.	8/11/2003 ratification
60. The amendment to the Montreal Protocol Agreed by the Fourth Meeting of the Parties, 1992.	8/11/2003 ratification
61. The Amendment to the Montreal Protocol Agreed by the Ninth Meeting of the Parties, 1997.	8/11/2003 ratification
62. UN Framework Convention on Climate Change, 1992.	2000 ratification
63. Kyoto Protocol, 1997.	2008 ratification
64. UN Convention on Biological Diversity, 1992.	2002 ratification
65. Cartagena Protocol on Biosafety, 2000.	2008 ratification
66. UN Convention to Combat Desertification in Those Countries Experiencing Drought and/or Desertification, Particularly in Africa, 1994.	2002 ratification
67. Convention on Persistent Organic Pollutants, 2001.	2010 ratification







