

National Human Development Report 2007

Social Inclusion
in Bosnia and Herzegovina



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LIST OF ACRONYMS

BD	Brčko District	KM	Convertible Mark
BiH	Bosnia and Herzegovina	LiBiH	Living in BiH Survey
BHAS	Agency for Statistics of BiH	LFS	Labour Force Survey
BSAL	Birks Sinclair & Associates Ltd.	LSMS	Living Standards Measurement Survey
CB BiH	Central Bank of Bosnia and Herzegovina	MDG	Millennium Development Goal
CEDAW	Convention on Elimination of All Forms of Discrimination against Women	MHSWRS	Ministry of Health and Social Welfare of Republika Srpska
CRA	Communications Regulatory Agency	MIFF	Multi-Annual Indicative Financial Framework
CSO	Civil Society Organization	MIPD	Multi-Annual Indicative Planning Document
DFID	UK Department for International Development	MTDS	Mid-term Development Strategy
DWV	Disabled war veterans	NACE	Statistical Classification of Economic Activities in the EU
EC	European Commission	NAP	National Action Plan
EPPU-PIMO	Unit for Economic Policy and Implementation of the BiH MTDS - Office for Monitoring and Implementation of the BiH MTDS	NAP/Inc.	National Action Plan on Social Inclusion
ESI	European Stability Initiative	NGO	Non-Governmental Organization
EU	European Union	NHDR	National Human Development Report
FBiH	Federation of Bosnia and Herzegovina	OECD	Organization for Economic Cooperation and Development
FMSLP	Federal Ministry of Labour and Social Policy	OHCHR	Office of the High Commissioner for Human Rights
FOS	Federal Office of Statistics	OHR	Office of the High Representative
GAP	Gender Action Plan	OSCE	Organization for Security and Cooperation in Europe
GDP	Gross Domestic Product	OSF	Open Society Fund
GDI	Gender Development Index	PRSP	Poverty Reduction Strategy Paper
GEEP	Gender Equity and Equality Project	RS	Republika Srpska
GEL	Gender Equity Law	RSIS	Republika Srpska Institute for Statistics
GEM	Gender Empowerment Measure	OIA	Youth Information Agency
GFAP	General Framework Agreement for Peace	SAA	Stabilization and Association Agreement
GROZD	Citizens' Organization for Democracy	SDC	Swiss Agency for Development and Cooperation
GTF	Gender Task Force	SDPD	Support to Disability Policy Development
HBS	Household Budget Survey	SEE	South East Europe
HDI	Human Development Index	UNESCO	United Nations Educational, Scientific and Cultural Organization
HDR	Human Development Report	UNDP	United Nations Development Programme
HPI	Human Poverty Index	UNHCR	United Nations High Commissioner for Refugees
HSEI	Human Social Exclusion Index	WB	World Bank
IBHI	Independent Bureau for Humanitarian Issues	VET	Vocational Educational and Training
IGMM-COG	Coordination Group for Institutional Mechanisms for Gender Mainstreaming	WHO	World Health Organization
ILO	International Labour Organization	ZZJZ FBiH	Public Health Institute of FBiH
IMF	International Monetary Fund	ZZZ RS	Institute for Health Protection of RS
IPA	Instrument for Pre-Accession Assistance		
JIM	Joint Inclusion Memorandum		

Foreword: Social Inclusion in BiH

This is the sixth National Human Development Report produced for Bosnia and Herzegovina, examining a topical human development issue. This year the report analyses the different facets and causes of social exclusion in BiH and provides recommendations for promoting social inclusion. The concept of social inclusion, which is at the heart of EU social policy-making, is very much congruent with both the human development and the human rights-based approaches to socio-economic development. These approaches draw upon economic and social rights analyses and take into account all entitlements relevant for enlarging the choices of individuals to live a decent and meaningful life. In addition, they share a common concern about equity, non-discrimination and inclusive participation.

This report breaks new ground in a number of respects: by analysing the situation of social exclusion and multiple deprivations in BiH; by offering for the first time, BiH estimates for a Social Exclusion Index and the EU Laeken indicators of social exclusion; by engaging directly with representatives from disadvantaged groups; and by making use of national researchers as its contributing authors.

Our analysis of the quality of life in BiH has yielded some paradoxical results. The economy continues to grow, and education and health outcomes show ongoing improvement. Thus, in aggregate human development terms, BiH is progressing well - so much so that on average it now ranks among those countries in the world with the highest human development status. Yet social exclusion remains a pressing problem and underlying this aggregate progress is a series of social fractures, and a general increase in inequalities of income, educational and health outcomes. Our summary statistic, the social exclusion index, suggests that over 50% of the population is socially excluded in some way. Furthermore, 22% of the populace experiences some form of extreme exclusion and 47% are at risk of long-term social exclusion. Groups such as minority returnees, Roma, the elderly, youth, children, and people with disabilities are not only at the highest risk of income poverty and unemployment, but also have far more difficulty accessing public services and participating in political life.

This report argues that the country's social policy must incorporate the social inclusion perspective, and defines a policy agenda for strengthening social inclusion in BiH. A set of recommendations for sectoral reforms are provided. These include, among others, inclusive economic development strategies such as the utilization of active labour market policies and anti-discrimination initiatives to accelerate the employment of excluded groups and women; strengthening quality education to prevent poverty, inequality and joblessness; securing equity and inclusion in healthcare; crafting an inclusive social policy and social welfare system; and encouraging a fully participatory democracy.

These recommendations were crafted drawing on deliberations from the Conference on Social Inclusion which took place in Sarajevo November 28-29, 2006, organised by the Directorate for Economic Planning, UNDP, DFID, SDC and the EC Delegation to BiH.

Desired development outcomes in BiH will only be achieved through a socially inclusive policy agenda. This approach will ensure an equitable and fair transition process that will contribute to future conflict prevention in a manner consistent with EU integration process requirements. More importantly, only by sharing a common vision on social inclusion can the quality of life of every citizen be improved and a lasting and genuinely inclusive society be created for tomorrow's BiH.

Christine McNab

Resident Representative, UNDP BiH

EXECUTIVE SUMMARY

Social Inclusion, Human Development and Human Rights

The 2007 Human Development Report for Bosnia and Herzegovina analyses social exclusion in BiH and develops recommendations for social inclusion policies. The report purposely sets out to examine social inclusion through the lens of human development.

In general terms, being 'excluded' is understood as being left outside the mainstream and denied access to the social, economic and political rights afforded to others. Social exclusion originates within the European tradition of thought and can be traced to a commitment to social solidarity reflected in various European social models. Although these models vary, they nevertheless underscore the importance of solidarity, community and equity.

Social exclusion draws not only on economic and social rights but is related to all entitlements relevant for enlarging the choices of individuals to live a decent and meaningful life. A social exclusion perspective shares with a Rights-Based Approach (RBA) a common concern with equity, non-discrimination and the importance of participation that should be inclusive. In this respect, a social exclusion perspective is concerned with governance and citizenship rights, with the institutional dimension of exclusion and with the organizations, institutions and processes that exclude. The mainstreaming of human rights in development programming is a way of tackling certain forms of social exclusion and strengthening inclusion policies.

A social inclusion approach implies addressing need or alienation wherever it exists. Social inclusion reaches beyond the enforcement of rights in legal terms by tackling material deprivation, stigmatization and social separation and hence the approach seeks to understand this complex social phenomenon in terms of causes as well as outcomes. It also has an operational bias, devising workable policy responses, effectively recognizing that the State has a 'duty of care' to include and involve all members of society in political, economic and social processes.

Human Development and Social Exclusion in Today's BiH

Despite increasing growth rates, around a fifth of the population finds itself below the general poverty line and a still larger proportion (approaching a third) is poor in relativistic terms. Poverty of this sort was unknown in pre-war BiH. The former Yugoslavia enjoyed a relatively high standard of living within an egalitarian society. In this sense, economic exclusion is about a new form of poverty, caused by the destruction and dislocation of the war, followed by an uneven and inequitable transition, and cemented by jobless growth. Inequality and social separation are key facets of exclusion in BiH. These, in turn, are driven by a number of processes including the political division of the country. Yet unless inequality is tackled, growth will continue to be unbalanced and remain focused on the few rather than the many.

The overarching theme of inequity is borne out in other social relations, the most significant in terms of numbers being the gender basis of social exclusion in BiH. Gender-based differentiation is more strongly expressed ten years after the war than during the pre-war period, because of the war itself and the explosion of radical nationalism. The social and political climate directly arising from these forces has blocked progressive change. Compared to the social dynamics in greater Europe, morally and socially BiH remains in a backwater.

Unsurprisingly, ethnic division is one of the strongest root causes and manifestation of social exclusion in BiH. This has a three-fold dimension. Firstly, it directly works to exclude minorities within majority areas. Secondly, it compromises the institutional framework's ability to tackle exclusion, and thirdly, it has a malevolent and pervasive effect on social processes. It therefore retards progressive change and continues to alienate the peoples of BiH from one another.

The effects of ethnic division are felt most acutely in the returns process. As a consequence of poorly integrated return to pre-war residences, national minorities are one of the most distinctly socially excluded groups. This is

reflected not only in their limited political participation and access to service provisions, but also in terms of alienation from regular social processes in the areas where they live.

Other major excluded groups experience marginalization in similar ways but their exclusion is not directly driven by BiH's political divide and its causes have their roots in other processes. Particularly affected groups include the Roma, the disabled, the elderly, rural dwellers and the young. These excluded groups are not only at the highest risk of income poverty and unemployment, but also have far more difficulty accessing public services and participating in political life. The risk of these groups being excluded in at least one dimension is clearly higher if several components of social exclusion interact and influence each other, thus creating a spiral of multiple deprivations (i.e. gender, location, disability).

Key Results: Social Inclusion and Human Development Indicators

The extent and nature of social exclusion in BiH can be analysed in the following categories: post-conflict discrimination and ethnic separation, economic insecurity and vulnerability, education, health, social protection and civic participation. The gender aspects of exclusion can also be examined within each of these segments.

To provide a general barometer of exclusion in BiH, the NHDR 2007 researchers developed a methodology for calculating a series of three social exclusion indices. These draw on the approach used to track changes in human development, but specifically address isolation from key economic, political and social processes.

- **The General Social Exclusion Index (HSEI)** is based on seven proxy indicators reflecting living standards, health, education, participation in society and access to services. The Index suggests that 50.32% of BiH population is socially excluded in at least one of these forms.
- **The Extreme Social Exclusion Index (HSEI-1)** is a stronger form of the HSEI and is estimated at 21.85%. This signifies that approximately 22% of BiH's population is extremely socially excluded from the most basic processes and needs.
- **The Long-term Social Exclusion Index (HSEI-2)** differs from the others in that it measures that sector of the population which has limited choices for improving their situation, thus being at risk of long-term exclusion. This Index shows that 47% of the BiH population is at risk of long-term exclusion.

The NHDR 2007 also provides the key human development indices. The data here presents a more positive picture, showing that stable progress with regard to human development has been achieved in BiH. The Human Development Index (HDI) 2004, a combined measure reflecting longevity, educational performance and material living standards, was 0.804, ranking BiH 62 out of 177 countries and areas. In attaining this result, BiH has entered the group of countries with high human development (i.e. with a HDI score of 0.800 and above). There are, however, significant differences between the two Entities. FBiH is 1.5% above the average for BiH while RS, with a value of 0.784, is still under the threshold (0.800) of countries with high human development. According to the estimated Human Poverty Index (HPI) for 2004, 13.88% of BiH population is poor.

The Gender Development Index (GDI) for 2004 was 0.801, which shows an improvement over 2003. But gender inequality is still articulated, especially in education and economic activities. It is important to stress that the difference between HDI and GDI shows significant gender inequality in BiH and both Entities. This was also confirmed by the calculated Gender Empowerment Measure (GEM) of 0.496, showing gender inequality in political and economic participation as well as lack of power over economic resources as measured by earned income.

Social Inclusion and the Path to Europe

The social inclusion framework lies at the heart of EU social policy making. Moreover, as accession approaches BiH will have to develop its own machinery for tackling these issues. Now is very much the time to take action.

Concurrently, the motivating force in BiH is not longer international support and supervision. Thus reforms must

be put in place to move BiH further along the path of sustainable development. These reforms need to ensure that every citizen will have equal opportunities, equal access to resources and markets and the chance to participate in all aspects of social and political life. Recognizing social exclusion as the basis on which to shape policy will allow new directions to be defined. One key recommendation of the report is therefore the compilation of a Social Inclusion Strategy in line with the MTDS and EU requirements.

These types of reforms are also required as part of the practical process of integration with the EU, which began in earnest with the negotiations of a Stabilization and Association Agreement, (on 25 November, 2005). They require a comprehensive adjustment of policy, overall institutional framework and the legal system, with the aim of attaining European standards across the board. The European Union's joint strategy to combat social exclusion places emphasis on member states' and candidate countries' progress in analysing exclusion and implementing policy responses. This will require BiH, through the EU's Open Method of Coordination (OMC), to develop its own approach to poverty and exclusion, and set it out in a Joint Inclusion Memorandum, to be followed up by a National Action Plan, the main channels through which member states realise the jointly-agreed objectives. The monitoring tool of the OMC is the Laeken Indicators on Social Inclusion, adopted by the Laeken European Council in 2001. As an important contribution towards this step, for the first time the EU's Laeken Indicators on Social Inclusion for BiH have been calculated and reported in this NHDR.

Inclusive Policies for Employment, Education, Healthcare and Social Welfare

Inclusive economic development requires sustained economic growth matched with structural change within BiH's industrial and agricultural base. High employment lies at the heart of both poverty reduction and economic inclusion. To achieve this, BiH needs a vibrant economy, and a flexible and responsive labour market, which also respects employment and economic protections. These approaches, together with active labour market policies and anti-discrimination initiatives to accelerate employment of excluded groups and women, form the basis of a modern inclusive economy.

One specific exclusion issue is the very high level of economic inactivity seen in BiH. Labour market policymaking urgently needs to re-engage the approximately 57% of the workforce who are inactive or discouraged, at the same time reducing long-term and youth unemployment.

Educational attainment in BiH is far below European averages and illiteracy is a real problem, particularly for prime age and elderly women. Quality education is the best tool to prevent inequality and poverty, and the most efficient way to escape social exclusion. Modernization of curricula and investment in equipment is needed within BiH and, crucially for the system as a whole, market requirements must be addressed. Such improvement is vital, particularly in secondary schools, to reach out to children from poor and marginalized families.

Health standards have been greatly influenced by unemployment, stress, uncertainty about the future and migration. Health insurance currently covers barely 80% of families and considerable inequity exists, with health entitlements varying significantly from region to region. The most affected groups at risk of exclusion from adequate healthcare are pregnant and post-natal women, infants, children, the elderly, disabled, unemployed, poor, and displaced persons. Universal health insurance coverage and a basic national financial package for every citizen could help to remove barriers to healthcare. Healthcare services also need to become more accessible to the most excluded groups.

The current social protection system is largely inefficient because of the lack of sensitivity to beneficiary needs, underdevelopment of a mixed system, and the weak capacity of the Centres for Social Work. Overall, these failures can be traced back to the absence of a national social policy with equal standards. Reform of the social welfare system should include harmonising standards and financing, focussing on financial need rather than the status of the beneficiary. Developing partnerships between social welfare centres, the public and private sectors, as well as with civil society would create an improved social protection system, one which focussed on services and clients.

Empowerment of Civil Society

As a consequence of the Dayton Agreement, the state structure is complex and fragmented. This divisive political environment and the domination by the ethnically based parties have together spawned indifference among the population towards political participation.

The post-war civil society sector has played an important role at local level in promoting social inclusion through the provision of services in areas where the state is inactive. Through this, civil society has to some extent changed attitudes and reduced prejudices. However, they have had far less influence on advocating for social inclusion at national or Entity level. Further, the sector is confronting financial worries that challenge the sustainability of these results.

Gender Equity as a Key Civic Challenge

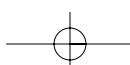
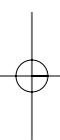
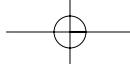
BiH has undertaken a broad range of official actions in the field of gender equality. Gender issues have been integrated into the preparation and implementation of the Mid-Term Development Strategy (MTDS) through the establishment of a Gender Equality Work Group. The structure of institutional gender mainstreaming mechanisms has been established on all vertical levels of legislative and executive power in BiH. Yet despite this, gender inequality is increasing in BiH. Women face higher risks of exclusion in education, economic opportunities and healthcare. Therefore, introducing a fully gender-sensitive social inclusion policy will require moving from gender mainstreaming in policymaking into setting up effective mechanisms for implementation. This will involve direct engagement in economic and social processes, and fostering new progressive attitudes.

The Road to Social Inclusion for Tomorrow's BiH

Social exclusion in BiH is driven by a complex web of institutional barriers for certain individuals or groups coupled with a lack of opportunity to overcome these barriers. It is a process whereby certain individuals or groups are being driven to the edge of society, prevented from living a decent life and participating fully in society because of ethnicity, age or gender differences, disability, financial shortcomings, lack of formal employment and opportunities, and lack of education. These factors work to distance many from access to health and social services, weakening social and community networks and activities. In turn, those groups have little or no access to power and decision making and are unable to exercise any control over decisions that affect their daily lives.

For this reason, strengthening social inclusion should be one of the basic strategic priorities for BiH's development and economic policies. Within this context, it is important to maintain the agreed commitment of the revised MTDS BiH (2004-2007) to create a social inclusion strategy. Within this strategy, linkages should be made with the requirements of the EU process to advance preparations for the future Joint Inclusion Memorandum and participation in the Open Method of Coordination.

Finally, it is important to stress that social inclusion does not happen by developing policies alone. It requires the support of every citizen, non-governmental and governmental organizations, the business community, trade-unions and political parties. Only through joint activities and by sharing a common vision can a lasting and genuinely inclusive society be created for tomorrow's BiH.



National Human
Development Report

2007

Social Inclusion
in Bosnia and Herzegovina

CHAPTER 1:

WHAT IS SOCIAL INCLUSION AND WHY IS IT IMPORTANT?

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This chapter examines the meaning of social exclusion and the suite of policies that might be deployed to secure social inclusion. A further important task is the application of these ideas to today's Bosnia and Herzegovina. The chapter begins by setting out briefly what we mean by the term alongside other, more familiar, approaches. We then apply these ideas to the BiH context and suggest the key questions to be addressed. Finally, we look to the European Union's social inclusion framework as this will inevitably drive the adaptation of national policies in the coming years.

1. The Meaning of Social Inclusion

There are few precise definitions of social exclusion. Generally, being 'excluded' is taken to mean being left outside the mainstream and denied access to the social, economic and political rights afforded to others. Prescriptive definitions and policies designed to combat social exclusion (what might be termed the 'social inclusion agendas') are still more context- dependent; hence it is useful to discuss its adaptation for the BiH context in some detail.

The UK Government's Department for International Development (DFID) provides the following description of social exclusion:

'Social exclusion describes a process by which certain groups are systematically disadvantaged because they are discriminated against on the basis of their ethnicity, race, religion, sexual orientation, caste, descent, gender, age, disability, HIV-status, migrant status or where they live. Discrimination occurs in public institutions, such as the legal system or education and health services, as well as social institutions like the household.'¹

Further, it can be argued that within a developmental or transition economy context the presence of social exclusion:²

- Causes the poverty of particular groups of people, leading to higher rates of poverty among the most excluded groups;
- Reduces the productive capacities and the rate of poverty reduction of a society as a whole;
- Makes it harder to achieve the Millennium Development Goals (MDGs);
- Leads to conflict and insecurity.

The EU, which has set social inclusion at the heart of policymaking, conceives of exclusion as distinct from income poverty. Poverty is a distributional outcome, whereas exclusion is a relational process of declining participation, solidarity and access. Indeed for some, exclusion is a broader term encompassing poverty; for others, it is a cause or a consequence of poverty. But it is likely that causation runs in both directions.³

¹ DFID, *Reducing Poverty by Tackling Social Exclusion*, September, 2005, p. 3.

² DFID, *ibid*, p. 5-9.

³ H. Silver, S M. Miller, *A Social Exclusion: The European Approach to Social Disadvantage and Indicators*, Vol. 2, No. 2, spring 2003.

We can in general terms assert that social exclusion is multi-dimensional or socio-economic, encompassing collective as well as individual resources; a dynamic process, along a trajectory between full integration and multiple exclusions; relational, in that exclusion entails social distance or isolation, rejection, humiliation, lack of social support network and denial of participation; active in some sense, in that there is an agency or forces driving exclusion; and finally, relative to context. Disrespect, discrimination, and degradation are as much at work as monetary poverty and physical need. Even modern welfare states can exclude some citizens upon various grounds.

2. Relationship with the Human Development and the Rights-based Approaches

Although social inclusion has developed separately from human development and the more contemporary UN development concepts centred on rights fulfilment, there are nevertheless enormous commonalities. Moreover, as a National HDR, this report purposely sets out to examine social inclusion through the lens of human developmental thinking. It is therefore important to trace the histories of these approaches and their intersections.

Human Development (HD) and latterly the Human Rights-Based Approach (RBA) form the core of the United Nations' developmental philosophy. Human development was first formulated by UNDP in the late 1980's and 1990's. The RBA was developed in concert with the UN Office of the High Commissioner for Human Rights (OHCHR) around the turn of the century. Although social inclusion has an older heritage (as we argue below), it has become policy-relevant only in the last decade and a half, and is fundamentally European in character, both in its origins and its application through the European Union. Thus, both approaches have come to prominence over the same, recent period of time.

The HD approach places human beings' freedom - and more precisely the freedom or 'capability' - to make positive choices at its core, not in a formal sense but rather in the sense of the real conditions which limit freedoms even in the most democratic societies. Thus, to be 'developed' means having the ability to exercise a choice to acquire certain fundamental states of being - to be educated, to be healthy, to articulate a point of view, to be politically active, to be able to share in the material wealth of a society, and so forth.

The human development concept is thus based upon the magnificence of the human potential against the restricted reality of life. Lack of education, poor healthcare, inadequate economic possibilities, violation of political freedom, and the neglect of citizens' rights, can generally restrict human beings' freedom.

The human development perspective contains the need to overcome obstacles that people face through the effort and initiatives of the people itself. The intention is not only to improve human lives in the sense of well-being and freedom but also to acknowledge that human accomplishment can radically change and improve the way a society is organized. The focus on the one hand is on providing a much clearer perspective on how, and in which way, the lives of human beings can be improved, and on the other a more complete comprehension of how this improvement can be achieved through the strengthening of human accomplishment.⁴

The basic purpose of human development is the expansion of human choices. Foremost, these choices are undefined and changeable over time. People often value achievements which are generally intangible and are

⁴ Amartya Sen, 'Foreward', In, *Readings in Human Development*, UNDP Office for Human Development Reports, New York, Oxford University Press, 2003, p. VII.

unrelated to income or economic growth, such as better access to education, better nutrition and health services, secure living spaces, cultural freedoms and a sense of participation in the community activities. The human development goal is the establishment of an environment for people in which they are able to live long, healthy and creative lives."⁵

Thus, the key difference between orthodox economic thinking and human development is that the first is focused exclusively on increasing only one choice - the choice of income - while the other includes increasing all human choices whether they be economic, social, cultural or political. For that reason, it is possible to argue that by increasing income the other choices will also be increased. Yet this relationship is not automatic.

The main, value-added elements of human development are as follows: Firstly, that income inequality blunts the automatic relationship between income growth and economic growth. Secondly, that society should build and strengthen human potentials to ensure equal access to human opportunities. The growth of GDP, for example, is an important tool for increasing human potentials. Yet the processes of production cannot be treated in an abstract manner as they require the human context. In short, human potentials are also instrumental for economic well-being. Thirdly, the human development paradigm includes the whole society and not just the economy. Attention is given to political, cultural and social, as well as economic factors. Research on the relationship between the economic and non-economic environment is one of the most important aspects within the human development concept. Fourthly, people are the ends and means of human development. Human beings are not perceived merely as instruments for production through increasing human capital but as the ultimate focus of development.

The welfare system, social safety nets, or investments in education or health, however, cannot be equalized with the human development paradigm. It includes these aspects but only as components. The human development paradigm includes all aspects of development, from economic growth, international trade, budget deficits and fiscal policy, to savings, investment, technology, elementary social services and social safety networks for the poor. There is no aspect of development which does not belong to this area but the most significant point is the extent and nature of human choices and opportunities, and the enrichment of human lives. All aspects of life - economic, political and cultural - are in fact viewed from this perspective. Economic growth thus becomes just one component of the human development paradigm.

To summarize, the human development paradigm asserts that:

- Development must place human beings at the centre of its goals;
- The purpose of development is to increase all human choices and opportunities, not only incomes;
- The paradigm is related also to building human potentials (through investment in human beings) and through using those human potentials completely (through creating the framework for development and employment);
- There are four basics: equity, sustainability, productivity and empowerment. [Note: human development places economic growth as important element but it underlines the need for attention to its quality and distribution];
- The purpose of human development analyses is to offer practical options in order to achieve development.⁶

⁵ Mahbub ul Haq, *Human Development Paradigm*, p. 17.

⁶ Mahbub ul Haq, *ibid.* p. 19.

3. The Rights-based Approach

In recent years, human development thinking has been strengthened by the inclusion of a human rights perspective, giving rise to the Rights-based Approach (RBA) to development (see Box 1), or the adoption of basic international instruments for human rights protection and for economic, social and cultural rights. One of the significant landmarks in this regard was the adoption in 1966 of the 'International Covenant on Economic, Social and Cultural Rights' by the United Nations.

According to the UN High Commissioner for Human Rights a human rights-based approach⁷ is normatively based on international human rights standards and operationally directed at promoting and protecting human rights. It seeks to analyze inequalities which lie at the heart of development problems and redress discriminatory practices and unjust distributions of power that impede development progress.

Under the RBA, the plans, policies and processes of development are anchored in a system of rights and corresponding obligations established by international law. This helps promote the sustainability of development work, empowering people themselves to participate in policy formulation.

Human development and human rights are close enough in motivation and concern to be compatible and congruous, and sufficiently different in strategy and design to supplement each other fruitfully.⁸ Human rights contribute to human development by guaranteeing a protected space where the elite cannot monopolize development processes, policies and programmes. The human rights framework also introduces the important idea that certain actors have duties to facilitate and foster development.

The United Nations Millennium Declaration⁹ explicitly places both human development and human rights at the centre of the international agenda for the new millennium. When UN member states renewed their commitment to promote human development and protect human rights, they also agreed on eight, quantified and time-bound development goals - the Millennium Development Goals¹⁰. These provide a focus for efforts to reduce poverty and a common basis for measuring progress.

The Millennium Development Goals are important milestones for realization of the often neglected economic and social rights. Human rights help sharpen the strategies for achieving these Goals by addressing the discrimination, exclusion, powerlessness and accountability failures that lie at the root of poverty and other development problems.¹⁰

4. Synergies with Social Inclusion

Social inclusion has its origins within the European tradition of thought and can be traced to the commitment to social solidarity reflected in various European social models. Although these models vary, they underscore the importance of solidarity, community and equity.

⁷ Office of the UN High Commissioner for Human Rights, *Frequently Asked Questions on a Human Rights-Based Approach to Development Cooperation*, UN, New York and Geneva, 2006, p. 15.

⁸ United Nations Development Programme (UNDP), *Human Development Report 2000: Human Rights and Human Development*, New York, 2000, p. 19, available at: http://hdr.undp.org/reports/view_reports.cfm?year=2000&country=0®ion=0&type=0&theme=0

⁹ Adopted by the United Nations General Assembly in Resolution 55/2 of 8 September 2000. See <http://www.un.org/millennium/declaration/ares552e.pdf>.

¹⁰ UNDP, *Human Development Report 2003: Millennium Development Goals: A Compact Among Nations To End Human Poverty*, New York, 2003, p. 1 and p. 30 et seq.

Social exclusion directly links to the Human Rights Commission's definition of discrimination as being: "any distinction, exclusion, restriction or preference which is based on any ground such as race, colour, sex, language, purpose or effect of nullifying or impairing the recognition, enjoyment or exercise by all persons, on an equal footing, of all rights and freedoms."¹¹ This definition is grounded in law and is applicable in the majority of countries.

BOX 1: SOCIAL EXCLUSION AND A HUMAN RIGHTS-BASED APPROACH (HRBA) TO DEVELOPMENT - CONGRUENT FRAMEWORKS

A HRBA to development uses the conceptual and analytical strength of human rights to analyze and address various forms of inequality and exclusion in political, economic or social terms. As a development framework, it makes reference to the normative guidance as well as to the principles of human rights for the development of capacities for the realization of human rights. Thus, apart from identifying and naming violations and non-fulfillment of human rights, it seeks prevention, by building up the capacities of rights-holders to understand and claim their rights, as well as the capacities of duty-bearers at all layers of government to respect, protect and fulfill human rights.

Both social exclusion and a HRBA provide valuable analytical frameworks which deepen our understanding of development and poverty, in particular by focusing on the question of 'power and powerlessness'. Both frameworks are referring either to individuals or groups and are concerned with their unfair or absent access to labour and employment, basic services in education, health and social welfare and to their decision-making processes. On poverty, both argue for a multi-dimensional analytical framework of poverty assessment and measurement and are keen to understand the structural causes of poverty. Both are concerned with relative poverty (the comparative disability to participate fully in a given society) in addition to absolute poverty (income or consumption poverty below a certain level).

Social exclusion can be understood as an outcome or a process that prevents individuals or groups from participating in the economic, political and social dimensions of the life of their communities (*DFID, Social Inclusion Review, 9*). This refers to restricted access to the labour market and other opportunities of earning a living such as exclusion from information, consultation, decision-making and other citizenship rights. A HRBA reaches the same conclusions based on the principle of non-discrimination and the recognition of the practical interdependence and inter-relationship of all human rights. Thus, in addition to civil and political rights, it emphasizes the key complementary role of economic and social rights for sustainable human development. Both the social exclusion and human rights perspectives share a common concern with equality, non-discrimination and participation.

Finally, a key aspect of a HRBA to development is the notion of accountability. From a human rights perspective, individuals and groups are bearers of rights while governments and other parties, as duty holders, are accountable for the realization of these rights. This means in reality that they and their agents have to avoid arbitrarily interfering in the free exercise of rights ('respect') and set active measures for preventing third parties or other individuals from violating or infringing those rights ('protect'). In addition, governments are accountable for setting adequate legislative, administrative and budgetary measures to put in place a system which permits the highest possible level of realization of those rights ('fulfill'). Such a view of accountability from a social exclusion perspective is mirrored in the attention given not only to the excluded but also to the excluders. Similarly, a social exclusion perspective is concerned with governance and citizenship rights, with the institutional dimension of exclusion and with the organizations, institutions and processes which are excluders or excluding.

¹¹ See: Virtual Roundtable on Social Exclusion: Summary of Section 1, July 12, 2006.

Social inclusion not only draws on economic and social rights but is also related to all entitlements relevant to enlarging the choices of individuals to live a decent and meaningful life. A social exclusion perspective shares a common concern with a RBA with equity, non-discrimination and the importance of participation that should be inclusive. In this respect, a social exclusion perspective is concerned with governance and citizenship rights, with the institutional dimension of exclusion and with the organizations, institutions and processes that exclude. The mainstreaming of human rights in development programming is a way of tackling certain forms of social exclusion and strengthening inclusion policies.

A social inclusion approach implies addressing need or alienation wherever it exists. Social inclusion reaches beyond the enforcement of rights in legal terms by tackling material deprivation, stigmatization and social separation; hence the approach seeks to understand this complex social phenomenon in terms of causes as well as outcomes. It also has an operational bias, devising workable policy responses, effectively recognizing that the state has a duty to care, include and involve all members of society in political, economic and social processes.¹²

5. Social Exclusion in the Bosnian and Herzegovinian Context

Ten years after the war, which wrought enormous material and human losses, BiH has acquired a genuine historical momentum. After a period of reconstruction and massive international support, the country is entering a period of sustainable development and national ownership. This has been driven by the start of negotiations paving the way to EU membership, plus the emergence of national discussions on constitutional reform. These developments, for the first time since the war, signal the beginnings of a new national consensus.

Yet at the same time, enormous problems remain. The social fracture which accompanied the conflict and was cemented during its aftermath remains a central issue with a huge impact on social exclusion within BiH. It is worth spending some time examining the specific details of BiH, a country facing a double transition (from war to peace, and market socialism to capitalism), and with a better economic and social past than present.

6. Consequences of Conflict

During the 1992-1995 war, human loss and material destruction were enormous. There is still no reliable data on the measurable consequences, while few dare to calculate those which are non-measurable.¹³ For example, it is estimated that up to 258,000 people in BiH were killed or are missing, representing 5.9% of the pre-war population. According to the State Commission for Missing Persons, there are 27,371 missing, while the Red Cross estimates there to be 19,000 missing persons.¹⁴

¹² Virtual Roundtable, *ibid.*

¹³ See: UNDP/IBHI, *Human Development Report - 1998, Bosnia and Herzegovina*, Sarajevo, 1998.

¹⁴ I. Bošnjović and a group of researchers *Demographic Changes in Bosnia and Herzegovina from 1991 to 1998 in MFB Document No.1 Return of Displaced Persons and Refugees and Conditions for Survival of Bosnia and Herzegovina*, Sarajevo, January, 1999.

The largest population displacement during the conflict was in 1995 and involved 1,282,000 people. By the end of the war there were 1.2 million refugees residing outside BiH. About 50% of the 1991 population has changed its place of residence.¹⁵

Direct material and economic damage has been estimated at US\$50-60 billion, wiping out most of the production capacity. Other estimates, which take into consideration the loss of the 1992 GNP until today, (i.e. measurable indirect damage), indicate that taken together, the indirect and direct damage was in the range of US\$100 billion. Indirect damage, such as the destruction of governmental systems and management, interruption of scientific and technological development, and the drain of the qualified labour force and experts, are practically immeasurable but clearly took place on a huge scale. The destruction of society, tolerance and coexistence, the devastation of families and small communities, and the overall destruction of social values and normal lifestyles are the most tragic consequences of conflict, which obviously cannot be erased in the short-term. After all, it is more difficult to reconstruct a society than bridges and roads.

The implementation of the General Framework for Peace (GFAP) fundamentally represents a planned transition from war to peace. Yet despite the strong support of international forces in the military, civil, economic and humanitarian domains, inadequate progress has been made and the overall sustainability of the country is still to be achieved.

Bosnia and Herzegovina has been a huge beneficiary of international aid in different areas.¹⁶ Although the population could have hardly survived during the war or stabilized their lives post-conflict without international aid, it must be borne in mind that it was precisely this foreign assistance which in turn created the huge dependency syndrome prevalent in BiH. It is now in BiH's main interest to make a rapid and smooth transition from being an aid-recipient towards sustainable development with the development of local capacities and institution building.

The key factor in making this transition towards societal sustainability and development is the need for a complete change of opinion and attitude by the people and governments of BiH. The majority of BiH's population, according to the traditional way of thinking, believes that the international community has brought about changes to the state by adopting the role of 'patron'. During the socialist era, people expected the state to solve all problems, both those of the citizens and businesses. Similarly, nowadays the people of BiH expect the international community to solve all its problems, while the local initiatives remain frozen, and both leadership and population remain passive. If BiH is to move away from this dependency culture there must be a radical shift in the current way of thinking. A wake-up call is needed for the people of BiH, making them responsible for their own futures. The transition from a centrally-planned economic and political monopoly into a free-market economy, democracy and civil society is the key for the future.

A significant part of the population which pre-war enjoyed a relatively high standard of living now finds itself below the general poverty line. In this sense, economic exclusion is about a new form of poverty. This differs from the traditional notions of poverty and exerts a greater influence on social exclusion because the kind of social networks which had previously existed can no longer be materially supported. This particularly applies to the elderly who are most frequently affected.

The devastation of social structures and social values alongside the slow economic recovery, influence of the international factor and dependency on foreign aid have created apathy amongst the population. This is

¹⁵ See: Helsinki Committee for Human Rights in BiH, *Report on Human Rights Situation in BiH, January-December 1998*, Sarajevo, December 1998.

¹⁶ Papić, Ž. (ed) (2001) *International Support Policies to SEE Countries: Lessons (not) Learned in BiH*, OSF/Müller, Sarajevo.

particularly the case among the youth. Research has shown that over 60% of them, regardless of their ethnic background, do not see their future in BiH. Social self-exclusion and widespread lack of participation are notable factors within the population manifesting themselves in lack of participation in social activities and elections, for example. Interestingly, the most highly educated sector of the population also falls within this group.¹⁷

The gender basis of social exclusion is more keenly noticeable ten years after the war than in the pre-war days. This is an historically-reversed situation, which illustrates the return of the patriarchal society, rooted in wartime activities and the explosion of radical nationalism. In BiH, as has historically always been the case, nationalism and other right wing ideologies minimize and repress the social position of women.

Ethnic division is one of the strongest roots of social exclusion. During the war, the exclusion of people of another ethnicity took different, very brutal, forms, such as provoking an exodus or physical extermination. The consequence of such exclusion, and above all the lack of integrated return to the previous place of residence by those who are ethnically in the minority, is today one of the most distinctive forms of social exclusion in BiH. However, those internally displaced people who have remained in an area where they are ethnically in the majority also remain largely non-integrated. Here we have special forms of social exclusion, particularly where former rural populations now live in urban areas. Thus in post-war BiH, the ethnic basis of social exclusion has two specific forms.

The three constitutional groups in BiH (Bosniaks, Serbs and Croats) are socially included within their ethnic groups and exclude people from other ethnic backgrounds. This goes beyond ethnic separation and is rather more about a kind of closed, social exclusion and parallelism of ethnic and social inclusion. Detailed analyses of the institutional, political and constitutional basis for this are covered later on in the report. Meanwhile, the room for normal inclusion of an individual citizen is limited. When discussing employment or health, for example, the three groups achieve their own social inclusion through ethnic inclusion.

7. Material Exclusion in BiH

Despite increasing growth rates, the percentage of the population living below the poverty line is still high. Even worse, some groups are excluded from participation in society in various ways and experience marginalization at various levels (education, employment, health, social participation). Particularly affected groups include minority returnees, the Roma, the disabled, elderly and young. The excluded groups are not just at the highest risk of income poverty but find it far more difficult to access the labour market, quality education, healthcare and political participation. The risk of these groups being excluded in at least one dimension is higher if several components of social exclusion interact and influence each other, thus creating a spiral of multiple deprivation (i.e. gender, location, disability). People are excluded by institutions and behaviour that reflect, enforce and reproduce prevailing social attitudes and values, particularly those from the powerful groups in society. The current situation clearly demonstrates the need for social inclusion to form the policy framework for BiH in the future.

Further, there is a whole series of groups not traditionally thought of as being excluded for whom action needs to be taken in order to secure their participation in society. These groups might be referred to as the most marginalized. Their exclusion is characterized more in terms of stigmatization than deprivation. This diverse category includes groups such as the HIV/AIDS sufferers, sexual minorities and current or past drug users. Stigma is a powerful force. Reaching these groups requires a particular effort by the authorities, which includes grappling with the cause of stigmatization itself, again a force which has been rejuvenated by ethically-based politics.

¹⁷ See UNDP/IBHI *Human Development Report-Youth -Bosnia and Herzegovina-2000*, Sarajevo, 2000.

8. The Future

Now is very much time for action. Concurrently, the motivating force in BiH is no longer international support and supervision. Thus reforms must be put in place to move BiH further along the path of sustainable development. These reforms need to ensure that every citizen will have equal opportunities, equal access to resources and markets, and the chance to participate in all aspects of social and political life.

These types of reforms are also required as part of BiH's process of integration with the EU. This entered a practical phase on 25 November 2005 with the negotiation of a Stabilization and Association Agreement, the cornerstone of reforms which will require comprehensive adjustment of policy, the institutional framework and the legal system, with the aim of attaining European standards across the board.¹⁸ The European Union's Social Charter places emphasis on a member state's and candidate country's progress in analyzing the state of social exclusion and implementing social inclusion policies.

At the same time, as a UN member state and according to international human rights principals, BiH has to develop a conceptual basis of human development and the Millennium Development Goals defined by the Millennium Declaration, September 2000. Therefore, BiH has to be an active stakeholder of global cooperation and development.

In this context, an analysis of social exclusion in BiH and the development of social inclusion policies have a three-fold significance:

- Social inclusion policies corresponding to the real needs of BiH;
- Adjustment to European standards in a social policy reform;
- Participation in global debates on a conceptually new basis of 'development with a human face'.

The particularities of the BiH context, as outlined above, and the analyses in coming chapters, show the significant specificities in defining a strategy and policies for strengthening social inclusion.

Ethnicity represents an important, but not exclusive, factor of social exclusion for a significant part of the population. The present constitutional solution in BiH, a direct result of the Dayton Peace Accords, as well as changes to the ethnic structure of the population, excludes the minority population within certain BiH territories to a significant degree.¹⁹ The multi-dimensional aspect of exclusion becomes apparent through the higher risks of poverty, unemployment, lack of health insurance, inadequate education, lack of participation in society, as well as lack of access to services. For these reasons, the Human Social Exclusion Index (HSEI), calculated here for the first time, shows that 50.32% of BiH's population is socially excluded in at least one aspect.

Thus the major prerequisite for strengthening social inclusion in BiH lies in the creation of conditions and a consensus supportive of social inclusion policies which include constitutional reform and the complete package of reforms which form part of the EU accession process. The importance of social inclusion becoming a policy priority for BiH, an extensive debate on what characterizes exclusion in BiH, as well as possible ways to promote inclusion were discussed in the Conference on Social Inclusion which took place in Sarajevo on 28-29 November 2006, organized by the Directorate of Economic Planning, UNDP, DFID, SDC and the EC Delegation to BiH.²⁰

¹⁸ See more: BiH Council of Ministers, *Strategy of BiH Integration in European Union*, Directorate of European Integrations BiH, Sarajevo, May 2006, p. 13.

¹⁹ See: UNDP BiH, *Early Warning System - Quarterly Report*, No. 1 (January-March) and No. 2 (April-June), 2006.

²⁰ The Conference recommendations are presented in Box 14.

9. The Path to Europe and the EU Policy Framework

The EU Stabilization and Association process forms the basis for strengthening social inclusion in BiH. Not only is this because of the need for EU standards to be implemented within the context of social exclusion and policies for its reduction, but it also reflects the importance of reforming the constitutional, institutional and legal structure of the country to one which promotes and creates general conditions for social inclusion.

In the final decade of the last century, EU social policy began to develop on the basis of decreasing social exclusion. The starting point was the inclusion of the term 'social exclusion' in the preamble of the European Social Charter (1989) and its amendment (1996), when a new Right was introduced, 'Right to protection against poverty and social exclusion'.

In order to understand the EU's approach and policies of social inclusion, the following official definitions are important:²¹

Poverty: People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live. Because of their poverty they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate healthcare and barriers to life-long learning, culture, sport, and recreation. They are often excluded and marginalized from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted.

Social exclusion: Social exclusion is a process whereby certain individuals are pushed to the edge of society and prevented from participating fully because of their poverty, lack of basic competencies and life-long learning opportunities, or as a result of discrimination. This distances them from job, income and education opportunities as well as social and community networks and activities. They have little access to power and decision-making bodies and thus often feel powerless and unable to exercise any influence on the decisions that affect their daily lives.

Social inclusion: Social inclusion is the process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in which they live. It ensures that they more fully participate in the decision-making which affects their lives and access their fundamental rights.

At the Lisbon European Council in 2000, a joint strategy to combat social exclusion was formulated using the 'Open Method of Coordination' which includes five key elements:

1. Common objectives;
2. National Action Plans on Social Inclusion (NAPs), Joint Inclusion Memoranda (JIMs);
3. Joint reports on social inclusion;
4. Commonly agreed social inclusion indicators (Laeken Indicators);
5. Exchange of lessons learnt.

²¹ Council of European Union, Joint Report of the Commission and Council on Social Inclusion, Brussels, March 5, 2005.

The common objectives of the EU's social inclusion strategy are:

1. To promote participation in employment and access of all to goods, services, resources and rights;
2. To prevent social exclusion;
3. To support the most vulnerable;
4. To mobilize all relevant bodies.

The common objectives in the fight against poverty and social exclusion were agreed at the EU Council Summit in Nice, December 2000, and were revised at the December 2002 session, 'The Employment, Social Policy, Health and Consumer Affairs Council'. These objectives defined a policy whereby EU member states pledged: "to take steps to make a decisive impact on the eradication of poverty" by 2010.

Obviously, starting from the mutual goal, the policies of EU countries are slightly diverse, some of them closely focused on the labour market and safety net and others focused more widely.

BOX 2: EU APPROACH TO GENDER EQUALITY

Gender Equality is a fundamental right, a common value of the EU, and a necessary condition for the achievement of the EU objectives of growth, employment and social cohesion. The EU has made significant progress in achieving gender equality, thanks to equal treatment legislation, gender mainstreaming, specific measures for the advancement of women, action programmes, social dialogue and dialogue with civil society. The European Parliament has been an important partner in this progress. Many women have attained the highest levels of education, entered the labour market and become important players in public life. Nevertheless, inequalities remain and may widen, as increased global economic competition requires a more flexible and mobile labour force. This could impact more on women, who are often obliged to choose between having children or a career, due to the lack of flexible working arrangements and care services, the persistence of gender stereotypes, and an unequal share of family responsibilities with men. Progress made by women, including in key areas for the Lisbon Strategy such as education and research, are not fully reflected in women's position in the labour market. This is a waste of human capital that the EU cannot afford. At the same time, low birth rates and a shrinking workforce threaten the EU's political and economic role. The EU remains an important partner in the global effort to promote equality. Turning globalization into a positive force for all women and men and fighting poverty are major challenges.

A Road Map For Equality Between Women And Men, Brussels 01.03. 2006 COM (2006)

National Action Plans on Social Inclusion, or NAPs/incl, are the main channels through which EU member states realise the jointly agreed objectives. They analyze the nature and extent of poverty and social exclusion, identify major trends and challenges, and subsequently outline detailed policy measures planned. NAPs/incl follow an agreed structure and cover a two-year period. The first plans were submitted by the 15 EU member states in June 2001, and the second plans in June 2003. The ten new member states submitted their first action plans in July 2004, covering the period until mid-2006.

The Joint Inclusion Memorandum, or JIM, precedes the NAPs/incl process for acceding or candidate countries prior to their EU membership. JIMs analyze the situation of social exclusion, identify key challenges, review the effectiveness of existing policies and identify key priorities for the future. However, they come with no

commitment to implement future actions. The JIM process intends to prepare acceding and candidate countries for participation in the OMC after accession. The process also intends to build statistical capacity for monitoring poverty and social exclusion. Ten such JIMs were signed by the European Commission and representatives of national governments on 18 December 2003. The JIM for Bulgaria was signed in February 2005 and the one for Romania in June 2005. The JIM process is mandatory for all acceding countries.

'The Joint Report on Social Inclusion' constitutes the response of various EU bodies to NAPs/incl. The first such report was submitted at the European Council in Laeken in December 2001. A second, considerably more detailed, report was written in December 2003 and adopted in March 2004, while a report containing an analysis of NAPs/incl from the ten new member states was approved in 2005. 'The Joint Report on Social Protection and Social Inclusion' was introduced that same year and is to be issued annually.

The social inclusion indicators are known as the 'Laeken Indicators' since they were first approved at the European Council summit in Laeken in December 2001. It was agreed that the indicators would encompass three levels: (1) ten primary indicators of financial poverty and material deprivation, employment, health and education; (2) secondary indicators, which are complementary to the indicators, but elaborate them in greater detail; (3) indicators which member states themselves decide to include in their NAPs/incl, and which assist them in reinterpreting the primary and secondary indicators and/or in illuminating the specifics of individual areas.

An analysis of NAPs/incl from 2003²², shows that special attention was directed towards:

- Expanding an inclusive labour market and promoting employment as rights and possibilities for all;
- Ensuring an adequate income and sources for all to live in dignity;
- Taking preventative action against discrimination in the sphere of education and creating possibilities of life-long education;
- Maintaining family solidarity with the promotion of gender equality and protection of individual rights, family assistance and the rights of children;
- Ensuring decent housing for all;
- Ensuring equal access to quality services (health, transport, social protection, cultural, free-time and legal services);
- Improving the delivery of social services;
- Investing in regions of multiple deprivations.

It is clear that an effective strategy of significant poverty reduction and social exclusion requires a multi-dimensional, long-term approach which underlines these eight challenges. Also, within the context of an uncertain global economic and political climate, over the next two to four year period countries will direct their attention to the following key priorities:²³

- The promotion of active labour market policies and the development of coherent and comprehensive life-long learning strategies in order to increase labour market integration, especially of the long-term unemployed and groups at high risk of poverty and social exclusion;
- Ensuring that social protection systems have sufficient coverage and levels of payment to guarantee an adequate minimum income for all to live with dignity, while at the same time removing employment disincentives;

²² See more: Council of European Union, *Joint Report of the Commission and Council on Social Inclusion*, Brussels, March 5, 2005.

²³ See more: Council of European Union, *ibid*.

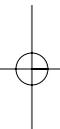
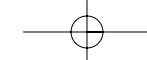
- Increasing access of the most vulnerable groups and those at the highest risk of social exclusion to decent housing, quality health services and long-term protection services, special and regular opportunities for education and life-long learning, including the transition from school to work, with particular reference to those young people who leave school with poor or no qualifications;
- Focusing on poverty elimination and social exclusion among children as the key step towards combating the inter-generational inheritance of poverty, plus initiatives in early education so that children and poor families are identified and supported;
- Decreasing the levels of poverty and social exclusion and increasing the participation of immigrants and ethnic minorities in the labour market to match the level of the majority of the population.

10. Summary and Conclusion

This chapter has outlined the meaning of social inclusion and fitted it to UN developmental thinking given by both human development and rights-based approaches. There are clearly many commonalities between these approaches, especially in the field of economic, social and cultural rights. Therefore it is apparent that both social inclusion and the rights-based approach are appropriate mechanisms for conceiving and shaping policy. Both explicitly require of the state or responsible authorities a duty to act to include, rather than merely to seek to resolve rights violations.

Our discussion has also located social inclusion within BiH. We note a number of dimensions to be investigated. We hypothesize that the war and the ethnic separation which followed it, has had a particularly pernicious impact on overall alienation and patterns of exclusion; and further that it is possible to assert that an inclusion-based policy framework is especially suited to this environment.

We close by noting that BiH must embrace these issues and not just on moral grounds. If it is to accede to the European Union, the country must acquire the skills to appraise and tackle social exclusion and meet the requirements of the EU's social dimension. A social inclusion agenda is, therefore, one of the key development issues in BiH, being both necessary for achieving a better future for its people as well as playing an important role in conflict prevention.



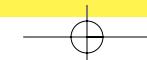
National Human
Development Report

2007

Social Inclusion
in Bosnia and Herzegovina

CHAPTER 2:

THE STATE OF HUMAN DEVELOPMENT IN BiH AND PATTERNS OF SOCIAL EXCLUSION



CHAPTER 2: THE STATE OF HUMAN DEVELOPMENT IN BiH AND PATTERNS OF SOCIAL EXCLUSION

This chapter reviews the state of human development in BiH alongside the extent and nature of social exclusion. In so doing, it makes use of the analyses provided in Annexes 1-3, which offer a more detailed discussion of the results.

There are two principal sections. The first reports BiH's human development performance in 2006 and provides for the first time the results of a specially-constructed set of social exclusion indices. This section provides the headline human development indicators and BiH's notional global ranking. The second main section looks in some detail at the nature of exclusion as it affects key groups and uses a BiH set of the EU's Laeken Indicators, which were specially calculated for this report (these are covered in more detail in Annex 3). The chapter closes with a discussion of the drivers and causes of exclusion, summary and conclusion.

1. Human Development Indices – BiH Characteristics

Within the context of human development, stable progress has been achieved in BiH since 2002. The calculated human development indices are presented in Annex 1, together with analyses of trends for the period 2000-2004. The Human Development Index (HDI) in 2004 was 0.804. By obtaining this score, BiH has entered the group of countries with high human development, i.e. those with a HDI score of 0.800 and above. However, it must be recognised that the increase in the HDI compared to 2003, when it was 0.793, partly results from a revision of the value of Purchasing Power Parity (PPP) adjustment, which simply reflects the difference between relative prices in BiH and the rest of the world. The increase in PPP has to a large degree contributed to the HDI increase. Nevertheless, it is important to consider that most of the assessment data is based upon special surveys and thus the change is not wholly methodological.

Significant differences between the two Entities remain. The Federation of BiH (FBiH) is 1.5% above the average of BiH as a whole, while RS, with a value of 0.784, is still under the threshold of countries with high human development. It is also worth emphasizing that there will doubtless be huge variations within FBiH and it therefore cannot be assumed that high human development conditions are predominant throughout its territory. The stability of HDI growth in BiH is also reflected in the fact that BiH's HDI in 2004 was 12% higher than for 2000.

The estimated Human Poverty Index (HPI) in 2004 was 13.88, which means that within the context of human development, 13.88% of BiH's population is poor. Comparing this to 2003, when HPI was 13.86, this is neither a significant increase nor decrease. Poverty here is measured by using low income and long-term unemployment which in BiH together have the most significant influence on poverty. HPI is larger in RS, where 15.64% of population is poor as compared to 12.52% in FBiH.

The Gender Development Index (GDI) in 2004 was 0.801, which shows an increase since 2003. But gender inequality is still articulated, particularly in education and economic activities.

It is important to stress that the difference between HDI and GDI shows significant gender inequality in BiH and both Entities. This is also confirmed by the calculated Gender Empowerment Measure (GEM) which was 0.496, and shows gender inequality in political and economic participation as well as power over economic resources as measured by earned income.

Despite the increase in HDI, in comparison with other countries of Central and Eastern Europe, BiH's position remains virtually unchanged. BiH lies in ninth place, just ahead of Macedonia and Albania. In global terms the HDI value would place BiH 62nd. Yet it is important to recognize this is a notional ranking and assumes the placement of other nations does not change.

It is also important to note that the key problems leading to the weaknesses of human development in BiH comprise poverty measured by income, long-term unemployment and gender inequality. In addition, there is a very high percentage of inactive population - that sector of the population which was never in the labour market or has pulled out completely. A total of 57% of the labour-capable population is inactive in the formal labour market, categorized as 'long-term unemployed'.

2. The Social Exclusion Indices for BiH

For the very first time, this report presents a methodology for calculating a Human Social Exclusion Index (HSEI) which, following human development logic, should express social exclusion in a quantitative and multi-dimensional manner (see Annex 2). As this is an attempt without precedent, discussions and comments about the structure and selection of indicators and methodology are welcome.

Regardless of minor differences, definitions of social exclusion, as mentioned above, describe the phenomenon in terms of an interdependency of poverty, long-term unemployment, social isolation and education. In an attempt to analyse social exclusion we adopted a somewhat wider approach, endeavouring to establish interdependence of the following factors:

- Living standards
- Health
- Education
- Participation in society
- Access to services

Seven proxy indicators were used to reflect this:

- For living standards: 1) The population below the income poverty line and 2) long-term unemployment;
- For health: 3) those without health insurance;
- For education: 4) those over 15 years who did not complete primary school;
- For participation in society: 5) those who do not vote in elections and 6) do not participate in organized social activities;
- For access to services: 7) households without a telephone.

These indicators express BiH specificities and partly are complementary to the established weaknesses within the analyses of human development. Above all, it is about indicators for poverty - income below the poverty line and long-term unemployment. Within this context there is a methodological linkage between the Human Development Index and the HSEI.

Starting from the previous research based upon NHDR-2007 research and other estimations, the BiH 2006 HSEI has been calculated at 50.32. This suggests that 50.32% of the BiH population is excluded within the society in some way. It is interesting to note that there are no main differences between the urban (50.29) and rural (50.46) populations, which calls into question the various stereotypes of social exclusion itself. Also, there are

no major differences between FBiH (51.01) and RS (49.50).

We defined the HSEI as the index of 'general social exclusion'. Additionally, in this NHDR we calculated an Index of Human Extreme Social Exclusion (HSEI-1). The areas of analyses in these cases were living standards, health and education. Thus both the number of structural segments and the number of indicators have been narrowed. This has been done methodologically by focusing on the most basic needs. The following proxy indicators were used:

- For living standards: 1) population without any monetary income; 2) housing -house/apartment without a telephone;
- For health: 3) population without health insurance;
- For education: 4) those over 15 years without a full primary school education.

New indicators were used for living standards which would articulate the lack of opportunity to fulfil basic needs. For health and education, the same indicators were used as for the general HSEI.

The Extreme Social Exclusion Index in BiH for 2006 is estimated at 21.85, which means that about 22% of BiH population can be described as 'extremely socially excluded'. Within HSEI-1, there are differences between FBiH (24.53) and RS (20.01) and the urban (19.75) and rural (23.57) populations. Expressed in percentages, the rural population is 19% more extremely socially excluded than the urban population.

Staying within the same HSEI-1 segment structures but by introducing new indicators, we calculated the Index of Human Long-Term Social Exclusion (HSEI-2). For this, the following indicators were used:

- For living standards: 1) employment in a job below qualifications; 2) employment in the informal sector;
- For health: 3) employment with health benefits based on the minimum wage;
- For education: 4) employment with no opportunity for further education or training.

The selection of these particular indicators was governed by the prevailing situation in BiH, where a large number of the employed work in the informal economy, in jobs below their qualifications, with no opportunity for further education, and whose benefits are based on the minimum wage and not on their actual wage, thus lowering their future pension and benefits. These are all elements of long-term social exclusion.

We also provide a Long-Term Social Exclusion Index (HSEI-2). This differs from the others in that it measures the sector of BiH's population that is at risk of long-term exclusion because they do not have any opportunities for self-improvement. Being employed but still facing huge insecurity and lack of opportunities can lead to future long-term exclusion. The value for BiH in 2006 is 47.31, i.e. the 47.31% of people in BiH who are employed are at risk of staying in the long-term socially excluded bracket. There are no major differences between the rural (47.14) and urban (47.54) populations, nor between the Entities (FBiH 47.14 and RS 47.32).

The analyses of human development and social exclusion indices in BiH are complementary, both methodologically and from the results, and thus the social exclusion indices should be viewed within the human development context. An HSEI of 50.32 corresponds with other findings, which will be analyzed in further chapters. The population estimates of those below the general poverty line or at risk of falling below this line show that around 50% of the population in BiH is poor or at risk of becoming poor in the short rather than long term. The unemployment rate of 30.1% in 2006 is also reflected in the high HSEI.

The similarity of the social exclusion analyses results between the rural and urban populations and between 'industrialized' FBiH and 'non-industrialized' RS is particularly noteworthy. This similarity is not so apparent within general and long-term social exclusion. As we have already mentioned, this calls into question the stereotyped views on social exclusion in the case of BiH.

3. The Key Dimensions and Excluded Groups

This section takes an analytical look at the status of several key groups which commonly suffer from exclusion. A number of sources are used here including survey data, the Living in Bosnia (LiBiH) survey 2004 and the first set of BiH Laeken Indicators. These indicators measure at-risk-of deprivation by various household characteristics. These are outlined in Box 3 and discussed in detail in Annex 3.

In choosing the groups to survey we referred to the indicators and subjective judgments of vulnerability in BiH. The specific groups at risk of falling below the poverty line based on household income, according to the Laeken Indicators, are the unemployed and persons aged 65 or more who are frequently ineligible for a pension. On the question of access to the labour market, women and young people excluded from education belong to the groups at higher risk. Altogether we surveyed the elderly, youth, disabled, displaced persons and Roma. We have also provided a separate sub-section on the gender dimensions of exclusion.

According to latest data from the LiBiH survey, stated in the Medium-Term Development Strategy (MTDS), in 2004 17.8% of the population (or 681,000) were living below the general poverty line. This represented a reduction of 8.7% from the 2001 level of 19.5%. In RS, 21% of the population is poor and in FBiH, 15%.

In the LiBiH survey, a consumption-based measurement of poverty was established. This measure of poverty is of an absolute type - an individual is considered to be poor if he/she cannot satisfy a daily energy consumption need of 2,400 calories and a minimum consumption of other non-nutritive products. This measurement of poverty, unlike the Laeken Indicators, does not make a distinction between adults and children and it is defined on a per capita basis. Based on this measurement, the poverty line was determined at KM 2,223 per person per year, or KM 185 per month. Based on this line, in 2004 17.8% of the BiH population was poor.

According to the preliminary findings²⁴ on poverty, the following categories were identified as being at a high risk of falling below the poverty line in 2004:

- 66% of households with three or more children are poor;
- 37% of individuals who are still refugees or displaced persons are poor;
- 32% of households with two children are poor
- 29% of the unemployed by the ILO methodology are poor;
- 25% of persons living in households where the head of household has only primary education are poor;
- 24% of persons above the age of 15 years who have only completed primary school education are poor;
- 23% of persons who live in municipalities that are not specifically either urban or rural, but mixed are poor;
- 22% of persons living in households where the household head's occupation is classified as "occupation for non-industrial type of work in production" are poor.

The recently published, authoritative Labour Force Survey 2006 suggests that BiH has an aggregate unemployment rate of 30%.²⁵ This stands in contrast to the official rates of 40% and past estimations which have been as low as 20%. This survey is a major step forward, not only because it adopts an ILO approach but it also provides rigorous data capture.

²⁴ EPPU-PIMO, *Preliminary Report on Poverty Situation in BiH*, Sarajevo, 2005. Persons with disabilities and the Roma will be analyzed in detail following the publication of the next LiBiH survey in 2007.

²⁵ BHAS, Labour Force Survey (preliminary data), Press Release No. 1, 27 July 2006, Sarajevo.

Our estimated Laeken Indicators for BiH show that unemployment in most cases is long-term in character and that the unemployed, in particular men, are at a high risk of falling below the poverty line - both the above mentioned methodologies of poverty measurement confirm this. Employment in the formal sector leading to a pension at retirement (which is not the case in the informal or grey economy sector) significantly reduces the risk of falling below the poverty line, particularly in the case of women at retirement age.

Women in BiH have only half the chance of finding employment compared to men. In addition, the fact that both the employed and long-term unemployed exist as categories indicates that access to the labour market is practically blocked for one category of the population. Women out of the labour market, long-term unemployed men, a thriving grey economy, which in the long run generates poor elderly people, all underline the need to develop an all-inclusive labour market and to promote equal rights and opportunities as being the highest priority for BiH's development policy.

Box 3: The Laeken Indicators

The Laeken Indicators provide the primary social exclusion monitoring framework for the European Union, agreed at the Council meeting in October 2002:

- Indicator 1a: At-risk-of-poverty rate, by age and gender
- Indicator 1b: At-risk-of-poverty rate by most frequent activities and gender
- Indicator 1c: At-risk-of-poverty rate, by household type
- Indicator 1d: At-risk-of-poverty rate, by tenure and housing status
- Indicator 1e: At-risk-of-poverty threshold (illustrative values)
- Indicator 2: Inequality of income distribution S80/S20 quintile share ratio
- Indicator 3: At-persistent-risk-of-poverty rate, by gender (60% median)
- Indicator 4: Relative at-risk-of-poverty gap
- Indicator 5: Regional cohesion (dispersion of regional employment rates)
- Indicator 6: Long-term unemployment rate
- Indicator 7: Persons living in jobless household
- Indicator 8: Early school leavers, not in education or training
- Indicator 9: Life expectancy at birth
- Indicator 10: Self defined health status by income level
- Indicator 11: Dispersion around the at-risk-of-poverty threshold
- Indicator 12: At-risk-of-poverty rate anchored at a moment in time of a preceding year
- Indicator 13: At-risk-of-poverty rate before social transfers, by gender
- Indicator 14: Inequality of income distribution - Gini coefficient
- Indicator 15: At persistent-risk-of-poverty rate: by gender (50% median)
- Indicator 16: Long-term unemployment share
- Indicator 17: Very long-term unemployment share
- Indicator 18: Persons with low educational attainment

There is a distinctly relativistic character to these measurements. For example, persons are considered poor if their equivalised disposable income is less than 60% of the national equivalised median income. This is different from the absolute measures calculated by the World Bank, and previously used in BiH. The measures also typically measure vulnerability or risk as well as deprivation, also in marked contrast to developmental approaches.

4. Review of Key Groups

a) The Elderly

The Laeken Indicators show that the elderly are at the highest risk of falling below the poverty line, at least in terms of income-measured poverty. The right to receive a pension reduces the risk of poverty to a significant degree, particularly for women. Two-member households, where at least one person is older than 65 and without dependent children, are poor in 36.1% of cases. A total of 28.8% of single-member households with a person aged 65 or more is poor. In other words, every third elderly person in BiH can be considered poor.

When it comes to consumption-based poverty, i.e. spending measurement, the results of the LiBiH survey indicated that between 2001 and 2004 the situation in households of two or more elderly people has deteriorated, while the situation of households with one elderly person has improved. As a result, it can be concluded that the exclusion of elderly people in BiH is primarily a consequence of material poverty and that the elderly would be better off if they were taken care of by their relatives or the state through the pension insurance system or other forms of social welfare intended for the elderly.

The fact that in BiH every second person aged 65 or above often, or very often, feels that everything is difficult and that every activity is difficult for them best describes the level of active exclusion of elderly people in BiH society. An additionally aggravating circumstance for this category is that women aged 65 and above have the highest illiteracy rate in BiH.

However, for the elderly and within the context of poverty and social exclusion, the key problem remains the BiH pension system. At the end of 2004, the number of pensioners in BiH was 484,000 and an average pension was KM 184 per month, while at the same time the poverty line was KM 185 per month. Not taking into account pensioners with above-average pensions, the pension system in BiH is, without doubt, one which generates poverty and is the part of the social welfare system most directly affected by the low official employment and high inactivity rate (reducing pension contributions). Prior to 1991, for each pensioner there were three workers. Today this ratio has decreased to 1:1.9. Further, the pension system in BiH includes 81% of persons older than 64 years, whereas all other European countries have a significantly higher number of pensioners than elderly, which is reasonable considering their pension systems. The problem of pension insurance in BiH is that less than 45% of financial resources are spent on pensions for people older than 65, which means that inadequate retirement provision has been made for pensioners over 64 years of age.

If one divided all the disposable income of the pension system allocated for old age pensions by the number of people over 64 years, the elderly would be living in extreme poverty. The pension system in BiH allocates fewer funds per elderly person than those countries where the cost of living is less (Albania, Bulgaria, and Romania) and, moreover, less than those countries which are economically less developed than BiH (Albania). In BiH, 8.77% of GDP is allocated to pensions, less than in the neighbouring countries (Croatia 12.5%; former Serbia and Montenegro 11.7%).²⁶

²⁶ See more: GROZD *Citizens Platform for Elections 2006*, May, 2006. (Problems Analyses for Citizens Platform, ALDI, March, 2006).

b) Youth

As this is a large and heterogeneous group, our comments have been broken down according to age group.

i) Children under 15

Poverty measurement based on spending and on a per capita basis shows that households with more than two children are in the poorest category of BiH's population. According to the Laeken Indicators, i.e. poverty measured on the basis of income and per adult equivalent, children run the same risk of falling below the poverty line as adults. Given that one approach emphasizes poverty in households with children, while the other approach reduces it to the minimum, it would be reasonable to accept a compromise finding indicating that households with children run a higher risk of falling below the poverty line. Data compiled on the basis of household expenditure shows that the risk of falling below the poverty line in the case of households with children actually increased during the period 2001-2004, which gives cause for concern. Further, deterioration of children's material situation very often results in a reduced birth rate because potential parents consider their first, or next, child as a luxury. In addition, children who have grown up in poverty invariably become poor as adults, i.e. remain in the cycle of so-called 'inherited' poverty.

ii) Youth between 15 and 25 years

The following statistical information illustrates the degree of social exclusion among BiH youth. For the purposes of comparison, an analysis was made between the responses of young people (15-25 years) still in education, those who have left education, people aged 25-65, and the over 65's.

Disillusionment about the future - a feeling of hopelessness - is almost three and a half times higher among those who are no longer in full-time education, 22.4% higher than among young students or pupils (6.0%), and closer to the mindset of people aged 25-65 (27.6% of cases) and the over 65's (33.4%). Young people who have not attended any educational institution have the lowest level of health insurance, while those who are in school have the highest level.

The data revealed that 11.2% of young people who do not go to school suffer from depression twice as often as young people who do go to school (only 5.2%). To put this in context, in 17.2% of cases, adults aged 25-65 years feel depressed or suffer from melancholia often or very often.

Young people who are not in full-time education evaluated the educational system as poor in 22.3% of cases, a figure which is 1.5 times higher than the young people who are still in education (12.8%). In other words, every fifth young man or woman in BiH who is not in education believes that the educational system is bad.

An important difference between the young who are in education and those who are not relates to their income. Very few students work while studying. Most of the students are unemployed and have no income of their own and so they depend on their parents for material support. This means that children in poor categories do not have access to education, which in the long term leads to the inherited poverty cycle. Even if they do have access to education, it would be jeopardized if their parents were to fall below the poverty line.

BOX 4: ROUNDTABLE ON THE SOCIAL EXCLUSION OF YOUTH

The social exclusion of children and youth with special needs was the topic of a Roundtable on social exclusion held on June 2, 2006 in Trebinje, at the Association of Parents of Children and Youth with Special Needs 'Sunce nam je zajedničko' ('We have the Sun in Common'). The discussion focused on the problems of children and youth with special needs, their integration into society, and the problems facing parents.

The conclusions and recommendations of the roundtable were as follows:

- From the parents' point of view, poverty and social exclusion are inseparable.
- Children should 'get out into society' and become an integral part of society.
- Families are also isolated and excluded; some parents exclude their child because of shame, or because they believe they can best protect them in this way.
- The lack of parental motivation and activities should be addressed to encourage social inclusion.
- Prejudices should be removed, such as situations where people are even excluded from their families.
- Coordination is needed between the educational and social welfare systems (inclusion of children with special needs should start earlier than at age ten); parents make the mistake by keeping children at home, believing that they can protect them in that way).
- Contact between parents of children with special needs and parents of healthy children are essential.
- Material reasons strongly influence parental efforts towards inclusion for their children.
- More professional staff members are needed to support the process of inclusion of children and youth with special needs.
- Schools have to be properly staffed for this type of education (there are insufficient numbers of social workers and psychologists for the inclusive model of teaching), and parents must exert pressure in that direction.
- The educational system does not raise awareness among citizens sufficiently to make the population sensitive to this problem (prejudices, psychological barriers).
- The independence and self-confidence of persons with special needs must be strengthened (for instance, where the centre or school is far from home).
- The need to belong to a group, as an important human need, should be considered and further developed.
- Unemployment/employment influences social inclusion to a large extent; a person with special needs can enjoy a completely different life if he/she gets a job.
- The media must get more involved in order to bring this issue closer to the public's attention and in particular to eliminate prejudices.

c) People with Disabilities

The social exclusion of people with disabilities is invariably implicit but the true extent of their social exclusion has been neglected. The following figures ²⁷ demonstrate the real and dramatic dimensions of social exclusion of the disabled, revealing a very worrying picture:

- The number of people with disabilities who feel hopeless often or very often with regards to their thoughts about the future (46.4%) is almost double that of people without disabilities (24.9%).
- The percentage of people with disabilities who feel depressed often or very often (47.8%) is almost three times larger than those without disabilities (17.3%).
- People with disabilities evaluate the quality of social life on a scale from 1 to 7 lower (3.68) than people without disabilities (4.26).
- People with disabilities evaluate the quality of their free time on a scale from 1 to 7 lower (3.49) than people without disabilities (4.06).
- People with disabilities evaluate their overall life on a scale from 1 to 7 lower (3.58) than people without disabilities (4.39).

Equally, the disabled are practically excluded from education. At the time this survey was conducted, 0.7% was receiving some type of education, while the percentage for those without disabilities was ten times higher (9.6%). A much higher percentage (46.2%) of those with disabilities therefore assessed the opportunities for acquiring skills as poor compared to those without (37.3%).

Similarly, in the area of healthcare people with disabilities and without health insurance are in a slightly higher percentile (18.4%) than those without disabilities (14.1%). Further, the disabled evaluated the medical/health services as bad (28.6%), which was almost one and a half times higher than those without disabilities (20.2%). The social welfare system was evaluated as poor by all respondents in most cases.

In terms of income the picture was equally bleak. Those people with disabilities who earn an income number only a half of those without disabilities who earn an income (16.7% and 33.5% respectively). Plus, if we exclude from this analysis those who are unable to work, pensioners and soldiers, we find that among those with disabilities there are far more housewives (31.4%) compared to people without disabilities (21.6%), while the number of students and pupils is much lower (1% compared to 11.2%). Unsurprisingly, people with disabilities evaluated their satisfaction at work on a scale from 1 to 7 lower (3.28) than people without disabilities (4.01).

Overall, people with disabilities, as confirmed by experience of many countries, are more vulnerable to poverty²⁸ and social exclusion. The analysis made by the World Bank for BiH, based on the 2001 LSMS results, showed that having a disability or special needs, increases the likelihood of becoming poor by 18%.²⁹ In other words, the likelihood of facing poverty for a person with special needs is one-fifth greater than for those without disabilities.

These analyses have led to the following conclusions:

²⁷ BHAS, FOS, RSIS, BSAL, IBHI, Data from *Living in BiH Survey - Wave 4, 2004*.

²⁸ For more details see: Ž. Papić, with support of F. Zuko, *Review of Social, Cultural, Institutional, Historical and Political Context*, within the project 'Support to Disability Policy Development in BiH', IBHI, Sarajevo, April 2006.

²⁹ S. Tsirunyan, World Bank, *Disability and Poverty: Results based on LSMS in BiH*, presentation made at the World Bank/Lotos conference 'Disability and Poverty in BiH', Sarajevo, 28 November 2005.

Accessibility of healthcare:

- People with disabilities must visit health facilities more often and spend more on healthcare.
- The costs of health services and problems of their accessibility, such as the problem of mobility and transportation, represent the main barriers for health care of the disabled.

Accessibility of education:

- People with disabilities have limited access to education and a lower literacy level.
- A possible hypothesis to explain the differences in education is that a child's potential is not developed because the schools (buildings and textbooks) are not accessible, and there are few teachers qualified to teach children with disabilities at all levels.
- Higher education is not adapted to people with disabilities.
- School buildings are not adapted to people who have difficulty walking.

Employment:

- People with disabilities have limited access to employment.
- Many of the people with disabilities do not work although they are able to do so and are looking for a job.
- Many jobs include manual labour and are inaccessible for people with disabilities.
- Many jobs could be accessible if work places were adapted, but most employers do not want to use resources for such adaptations.
- Employers have preconceived notions regarding what people with disabilities can and cannot do.

Housing and infrastructure services:

- Assessments of housing characteristics suggest that households with disabled members not only live in crowded housing, but also in living conditions which they themselves describe as "bad".
- Access to drinking water within the housing unit as well as access to central sewage system is limited compared to that for other persons.

Spending:

- Persons with disabilities spend less but the majority of expenses go to healthcare.

Poverty:

- Poverty is more widespread among people with disabilities; the degree of poverty and the poverty gap are both larger than among others sectors.
- Disability is a strong determining factor of poverty. Even where other characteristics -such as educational level, age, gender, place of residence - are equal, the chance of people with disabilities being poor is greater.

BOX 5: ROUNDTABLE ON THE SOCIAL EXCLUSION OF PEOPLE WITH DISABILITIES

People with disabilities feel the problem of social exclusion in a very practical way. The goal of the Roundtable discussion on the social exclusion of people with special needs, held at the premises of the Association of Blind Persons of the Sarajevo Canton on May 26, 2006, was to consider the situation and problems of people with disabilities, the ways in which the situation of people with special needs may be improved, and how to develop policies towards their social inclusion.

The conclusions were as follows:

- To prevent people with disabilities from living a life of mere survival and a loss of human dignity;
- Social exclusion for people with disabilities is most dominant in the fields of employment, housing and health;
- Rights exist only on paper; most children with disabilities are only included in the educational system through special schools;
- Before the war, the majority of blind people were employed, while the reverse is true today;
- Health treatment is inadequate; healthcare and services are irregular and inadequate (medicines are expensive);
- Social welfare is inadequate with no guarantee that the minimum requirements will be met;
- The attitude of the authorities towards people with disabilities is dehumanizing;
- There is prejudice against people with disabilities; there are no campaigns that would break down this prejudice and change the pervading attitude towards the disabled;
- Self-reliance must be increased (Roundtables, brochures etc.);
- A professional analysis of social and psychological needs is needed to teach people to act with confidence, and encourage them to cope with their own disability;
- The social exclusion of people with disabilities is heavily influenced by the inability of authorities to remove physical or architectural barriers (some barriers are removed only superficially, to formally satisfy the requirement);
- People with disabilities sometimes feel uncomfortable and are humiliated when trying to attend public events;
- For the deaf, information is not readily accessible (newscasts can be watched only at the weekends, but that type of communication is based solely on providing information);
- Inadequate social welfare payments influence social exclusion;
- There is a major problem with paraplegic returnees because of a health insurance problem; insurance is not available on the basis of disability;
- Disability must be a factor in receiving social and health insurance (disability as a medical condition);
- People with special needs are discriminated against compared to disabled war veterans;
- People with disabilities should write about their everyday situations, their life and the problems they encounter, so that as many people as possible can be acquainted with their situation. In this way prejudices can be addressed and traditional, conservative attitudes changed. The media has an important role to play;
- Proposals for social inclusion include the identification of persons with disabilities, campaigns for their inclusion and the manner of their inclusion.

d) Displaced Persons

According to the consumption-based poverty measurement in 2004 37% of displaced persons, or every third displaced person, was poor. Between 2001 and 2004 the poverty of displaced persons deteriorated according to the three main measures – headcount, depth and severity – while the share of displaced persons in the overall poor population dropped by 50%, from 29% in 2001 to 16% in 2004.³⁰

In theory, this type of situation arises from the so-called 'pseudo social policies' which target the least severe cases in a certain category of the poor. For example, the social welfare system helps persons who are closest to the poverty line so that they can easily rise above the line, while the situation among the poorest remains unchanged as they are the most expensive category to be addressed under this kind of system. Considering the high poverty rate, material poverty seems to be the main characteristic of the exclusion of displaced persons, although material poverty is a consequence not the cause of social exclusion in this category, due to the fact that they have moved to a new environment and have lost their pre-war family and friend connections which are important in terms of entering the BiH labour market.

e) The Roma

The Roma population has traditionally faced social exclusion. On the one hand this has been caused by preventing their inclusion on the grounds of racial discrimination and on the other by objective consequences of the previous, self-imposed confinement of the Roma within their own Roma communities. The specific aspects of ethnic relations in BiH, mentioned earlier, further complicate the Roma's position. Indications of the attempt by the Roma to integrate are best illustrated by the reaction of the three constituent groups. The real dimensions of Roma social exclusion are described in the results of a UNDP household survey of October 2004 carried out on Roma, displaced and majority people living in close proximity.³¹

Illiteracy is largely caused by the non-attendance of Roma children at schools. Seventy-six percent of Roma have never attended or have not completed primary education. Around 18%, or every fifth Roma, finished primary school, and only 7% finished a three-year secondary school course. Two in five Roma never went to school at all. At the time of the survey, 16% of Roma aged six or over attended a school or was in training, which is around a half of the percentage of the majority peoples who live in close proximity to Roma (25%), or of refugees and displaced persons (25%). Five percent of Roma aged between 6 and 22 years who were not attending any school at the time of the survey, cited high education costs as the main reason, which is twice as many as in case of the majority peoples who live in close proximity to Roma (38%), or of refugees and displaced persons (39%).

In terms of healthcare, Roma with health problems visit doctors one-third less than the other surveyed groups. The percentage of non-immunized Roma (41%) is five to six times higher than the percentage of the majority peoples who live in close proximity to Roma, or of those refugees and displaced persons who are not immunized. In most cases, Roma children have not been immunized because they do not have healthcare cards, i.e. because their health insurance is not regulated. Refugees and displaced persons are in a similar situation. Every fourth respondent of Roma ethnicity stated that they were deprived of medical services because they did not possess adequate documents, which is five to six times higher than in case of other two surveyed groups. Data indicates that the Roma who did have access to medical institutions within hospitals were treated on an equal basis with the other two surveyed groups.

³⁰ EPPU-PIMO, *Preliminary Report on Poverty Situation in BiH*, 2005.

³¹ For additional information see: <http://www.undp.org/europeandcis/vulnerability>.

BOX 6: ROUNDTABLE ON THE SOCIAL EXCLUSION OF THE ROMA

A Roundtable on the social exclusion of Roma in cooperation with the NGO 'Romano Centro' from Zenica was held in Sarajevo, 4 August, 2006. The basic findings of the discussion, reproduced in full below, confirm the previous results of the survey:

- A major problem is that many young people do not have personal identification documents and are not registered anywhere.
- Roma families have no money to afford textbooks for children.
- Roma are not respected, they are rejected. Roma children do not participate in school activities, and are isolated from the other children. Racial discrimination is also present (compared to other minorities); Roma children are aware of such discrimination in the school environment. For instance, Roma children are excluded from schools because they are considered 'dirty'.
- Roma have no rights.
- Discrimination and disrespect are present in parts of the social welfare system.
- If a Roma woman has one child and seeks social benefit, she is requested to have another child in order to be entitled to the benefit. There are many Roma single-mothers who receive no assistance or benefit.
- The Roma population in BiH sees no prospects in BiH.
- Roma must focus on education and self-education, but they must be aware that they need to change their way of life in order to improve their position in BiH. Roma often do not declare themselves as Roma out of fear and embarrassment.
- Employment bureaux have no information on the number of unemployed Roma (they are not registered as Roma but as 'others').
- Begging represents a big problem. In order to solve it, all segments of the society need to be involved, which includes cooperation by the authorities.
- Working Roma are not registered for health or social insurance; their years of work experience are not recorded and they have no opportunity to take out a mortgage on a house, which would be one way for them to solve their problems.
- It is important to give a chance to those Roma who want to be educated and to work.
- Roma NGOs could do much in terms of reducing Roma exclusion in BiH but lack the necessary financial means.
- Public debates on Roma should be organized in order to remove prejudices.
- It is also necessary to work on the Roma language, advocate for bi-lingual programmes and to include Roma in such activities. Roma speak their own language only at home. They are scared and embarrassed when it comes to speaking their own language.

With regards to employment, one in twenty-five Roma is employed or self-employed. Most of the unemployed Roma have been unemployed for five years or longer. Thirty-seven percent of Roma had income from some source in the month before the survey, as had refugees and displaced persons (40%). The most frequent source of income for the Roma includes the sale of secondary raw materials (29%) and begging (19%). In most cases (73%) they did not have paid social insurance based on income.

The percentage of Roma who had a monthly income above KM 300 (22%) is half the percentage for refugees and displaced persons (47%), which in turn is two and a half times lower than that of the majority population living nearby (56%). Only three percent of Roma have permanent jobs, which is six to ten times less than the figure for the other two surveyed groups. Roma are most often employed in temporary work. In the standard employment sectors, Roma most often work in shops (23%), but in general are employed as unskilled labour.

Employers opt not to employ anyone two to three times more often if their only choice is a member of Roma population, than is the case with the other two surveyed groups. Roma are victims of racism in employment five to ten times more often than the other two surveyed groups, be they members of majority or minority peoples.

5. Gender Aspects of Social Exclusion

Social exclusion, as well as gender inequality, is not inevitable but the result of social and cultural processes. The common characteristics of social exclusion based on gender are invisibility, poverty, stigmatization with discrimination and cumulatively less favourable positions in society.³²

Socially excluded groups are invisible in official statistics, as is the case of reports by BiH statistical institutions. There are detailed reports on educational levels and the age of the labour force in individual sectors, as well as income levels, without a break-down by gender. In recent years efforts have been made to improve the visibility of men and women through research and qualitative studies.³³ However, important data on the position of women among the poor is not available, as all other surveys dealing with standard of living, incomes and budgets monitor the situation by household and not by individual.³⁴

Typically, excluded groups are represented in the overall number of the poor. Their poverty is more often long-term rather than temporary. Data on the poor in BiH reflects a decline in the number of the poor³⁵, but poverty levels among women in specific groups (elderly women, single women) have not fallen.

The difference in power is the essence of stigmatization³⁶ and, together with poverty and deprivation arising from social exclusion, it creates additional space for discrimination. Gender-based discrimination is most evident in jobs that are themselves stigmatized such as prostitution³⁷, and gender-based violence which is directed against women and children five times more often than against men. The same phenomenon is present in employment and education, though less visible.³⁸

Socially excluded groups suffer cumulatively unfavourable positions if they possess two or more of the above characteristics which lead to the exclusion of a social group. In BiH, women with disabilities are such an example, being more severely excluded from society than other women or men with disabilities.

³² Buvinic 2005, Sen 2000

³³ IBHI/World Bank, 2003, GEEP 2003, Agency for Gender Equality of BiH, 2006.

³⁴ Living in BiH, Data for 2001-2004, HBS 2006.

³⁵ LSMS, Wave 1, 2001 and Wave 4 (LiBiH), 2005.

³⁶ Link & Phelau, On Stigma and its Public Health Implications, Paper presented at Conference, Stigma and Global Health: Developing Research Agenda, Maryland, 5-7 September, 2002.

³⁷ IBHI, Legalization of Prostitution, Roundtable Conclusion, 2004.

³⁸ CEDAW Report, 2003.

6. The Drivers and Causes of Social Exclusion in BiH

During the past decade since the end of the war, BiH has been faced with a major increase in the number of socially excluded people. The current situation risks undermining the already weak social cohesion within society. Action is needed to address the plight of the growing number of individuals and groups who exist on the margins, or are completely excluded from normal community life.

The phenomenon of social exclusion can be viewed both as objective and subjective exclusion, or perceived from at least two perspectives. Social exclusion occurs as a consequence of a lack of social care for and/or deliberate marginalization or segregation of individuals or groups within a community. It is recognised as a particular form of stratification within a society where individuals and groups of the poor, unemployed, uneducated, physically and mentally challenged, or groups and individuals belonging to a racial, linguistic, religious, gender or other group are undervalued, deprived of their rights and/or segregated. Any society can be unconcerned about the increase of the unemployed, poor or uneducated and fail to act or to address their problems.

However, some social communities can be said to have been purposefully marginalized and segregated. These include the Roma and members of another religion, ethnicity, or linguistic group. This works through stigmatization - trying to show, through various pressures, that the members of a minority population are undesirable or less worthy citizens.

The social exclusion of specific minority groups is also highly underestimated, such as those who are HIV-positive, lesbians and gay men, drug addicts, and others. This reflects non-acceptance of the 'different' and the expression of a closed community. This results in shutting out the above-mentioned groups within small communities completing the vicious circle of social exclusion. The lack of engagement by government and society in the social inclusion of these groups is apparent. Yet the activities of a small number of NGOs have shown that this kind of engagement is possible.

Social exclusion can also be a consequence of personal abstinence from possible social participation or engagement in the immediate or wider community. At that level it occurs in the form of a protest caused by broken social links between an individual and society. Social exclusion as a result of marginalization by society on the one hand, and personal abstinence from or lack of interest in participation in social development on the other, can be mixed to different degrees of intensity and enhance each other. For instance, young people may decide to abstain from any decision-making about themselves after having experienced numerous situations where their voice was not heard, and realized that it would make no difference if they were to make any decisions. The voice of the employed is often ignored too, which is obvious from the incessant, often justified requests by workers, or even strikes to which little attention is paid.

7. Summary and Conclusion

The results outlined in this chapter reveal something of a complex situation. BiH in aggregate human development terms is continuing to progress. Its HDI score now places it at the lower band of the most developed countries in the world. Yet in social inclusion terms it is becoming more disjointed and less cohesive. Underpinning this is most likely the ongoing growth in social differentiation and inequality. This is often a facet of transition. BiH's context and recent difficult heritage marked by conflict and war, however, almost certainly makes the prognosis more worrying. It is nevertheless a phenomenon that can, and should, be dealt with.

Policies to foster social inclusion need to strengthen institutions to ensure equal opportunities and access to resources for all citizens. In BiH, social exclusion is a multi-dimensional phenomenon which is based on

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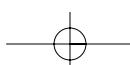
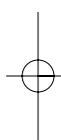
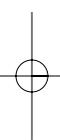
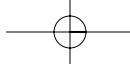
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structural, political, economic and social systems and institutions that do not provide equal opportunities to all.

The excluded groups in BiH are foremost the elderly, youth, children, Roma, people with disabilities, and minority returnees. Various intersections between these groups exist and give rise to multiple forms of exclusion. Social inclusion policies need to address the negative influences of sectoral policies on these groups to ensure that the gaps will be closed (i.e. better targeting through the welfare system, reform of the pension system). Inclusion policies require continuous analysis of social exclusion and the integration of a clearly defined social inclusion definition and respective measures into the MTDS. In this way, BiH will achieve a more equitable and fair transition process that will contribute to future conflict prevention and move the integration process with the EU forward.



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CHAPTER 3:

SOCIAL EXCLUSION, POST-CONFLICT DISCRIMINATION AND ETHNIC DIVISION

CHAPTER 3: SOCIAL EXCLUSION, POST-CONFLICT DISCRIMINATION AND ETHNIC DIVISION

This chapter examines issues of ethnic discrimination, division and lack of social solidarity as important elements of social exclusion in BiH. It identifies a set of determinants which describes the structural barriers for social inclusion based on the country's political and institutional structure derived from the Dayton Peace Accords, and their consequences on post-conflict ethnic discrimination and division.

First, it examines the notion of ethnic division in BiH and the parallels and connections with social exclusion. It then looks in detail at three key facets. First, the institutional and structural sphere in which ethnic division works to alienate and distance, and thus exclude, citizens from each other. Second, we examine the impact of more direct, legally-sponsored discrimination and exclusion. Finally, we argue that the impact of ethnic division - or what we term 'ethnicization' - in BiH is more pervasive, in that it works to weaken social solidarity and retard progressive social processes.

1. Ethnic Division and Exclusion

The notion of ethnic division and its specific connections with social exclusion has been very poorly researched in BiH. This may be because elements of ethnic division are very difficult to measure, or the fact that post-conflict discrimination is manifested in somewhat subtler forms and as such pervades the projections and practices of investigative discourse.

The questions to be addressed are how, and to what extent, ethnic division and post-conflict discrimination are reflected in the institutional structures? What post-conflict consequences have produced social exclusion and a lack of social solidarity? And how and to what extent has social exclusion given impetus to post-conflict discrimination and ethnic division?

In BiH, a contradiction exists between the inner structure of its society on the one hand, and the universal goal of transition, on the other. This contradiction directly relates to whether BiH society is represented by a collective whole, or rather its collective groupings (i.e. its three constituent peoples) around which social relations are shaped and formulated.

In other words we live, work and create economic and other values not as BiH citizens, but as Serbs, Croats or Bosniaks, or including, as we shall see later, so-called 'Others'. Yet the universal goal of transition is to develop a model of free-market economy, the very basis of which is the citizen as individual. It therefore becomes clear that the current structure of BiH society and this general goal are incompatible. Both logically and politically there is a paradox, or rather a paradoxical basis, upon which the content and forms of social relations of BiH are built. This 'BiH Paradox' substantially determines the overall social reality within the country and the processes of social exclusion.

2. The Structural and Institutional Drivers of Ethnic Division

The BiH constitution formed part of the Dayton Peace Accords, agreed to by the leaders of the three constituent peoples at Dayton, Ohio, in 1995. Often described as "a terrible way to end a terrible war", its unusual genesis goes some way to explain its complexities. Ironically, it is this extremely complicated post-conflict political

structure, as we will see, which has further encouraged ethnic division. Indeed, the European Union's Venice Commission in 2004 found that the constitution in parts violates human rights and therefore must be changed as part of BiH's accession process. However, although all-party talks have been held on constitutional amendments, so far little headway has been made.

For the purposes of this report, we will examine the impact which the constitution and the political structure exert on ethnic division and post-conflict discrimination. Firstly, the political system in BiH is structured in such a way that its component parts are different. Thus the centre of gravity of institutions in one half of the territory lies at the level of Entity and municipality (Republika Srpska), but in the other half, the Federation of BiH, the key level is that of the ten cantons, while institutions in the municipalities and Entity do not play any significant role. This complex structure and the lack of a centralized national structure give greater independence to the individual levels and therefore less opportunity for coordination. Compounding the problem, the institutions have been set up solely along ethnic lines, and in territories that are almost ethnically-defined.

The polycentric nature of this system influences social exclusion by generating discrimination among citizens from within by treating them differently, effectively affording them different citizenships depending on ethnic affiliation and the region in which they live. This applies both at Entity and cantonal level. Further, the FBiH cantons in almost all respects are states in themselves and, as such, can function almost autonomously. Since there are no horizontal inter-cantonal links, and legislation in one canton is not necessarily compatible with the legislation of other cantons, numerous possibilities for implicit and explicit institutionally-driven social exclusion arise. In other words, while the existing institutional arrangements are not necessarily unable to address issues of exclusion, exclusion is itself a direct product of the state structure.

At its core, the system promotes ethnic domination by territory. This, more than any other factor within BiH, generates both alienation and discrimination. All parts of the system are based on an ethnic matrix, functioning within virtually mono-ethnic territories. While there are numerous indicators bearing out this fact, we will mention only those which directly illustrate the point.

Firstly, division along ethnic lines forms the basis of the BiH constitution (which is elaborated upon below), so that the whole system - state-level institutions, Entities, cantons, municipalities, even Brčko District - is structured in such a way that the sole precondition for the functioning of these institutions, and for the protection of human rights, is based upon ethnic affiliation.

The one countervailing force is the returns process. In both Entities, the number of returnees comprises approximately 10% of the population. According to 2003 data from UNHCR, 152,413 persons have returned to RS, and 265,747 to FBiH. However, one must be aware that these quantitative indicators do not reflect the reality on the ground; many returnees have re-possessed their pre-war property, immediately sold it and then returned to a part of the country where they are in the majority ethnic group. The reasons for this are numerous, from employment problems and discrimination within employment and education, to personal and social insecurity, and a basic sense of alienation. In reality, little has changed since the end of the war. Parts of the system function on almost mono-ethnic territories (the last local elections showed that hardly any municipalities have more than 10% of another ethnic group, the only exceptions being Tuzla, Sarajevo Centre Municipality, and Livno). This situation, a direct outcome of the war, is the cause of further ethnic division both within the system and of lifestyles. Ethnic division resulting from population movement and legitimized by the political system itself, is being further consolidated year by year. It not only directly excludes people living in those areas in which they are now a minority but also distances the collective ethnic groups from one another. This latter phenomenon is pervasive and can be viewed as a form of exclusion - ethnic separation which excludes citizens from the greater whole.

Further, within the system it is more strongly evident. There are three incompatible models of education (with different curricula, syllabi, and textbooks) for each of the constituent peoples, often influenced by the political elites. Given that education is arguably the only valuable resource which poor societies have at their disposal, one cannot emphasize enough the real and potential consequences of these institutional barriers to social inclusion. The same assertion goes for research and development, as well as the overall social development strategy.

The institutional and structural barriers have been driven by the political process. The net effect has been to completely level the ideological content of politics. In the early post-conflict years, some ideological differentiation remained alongside nationalism including a Balkan variant of social democracy, and a small amount of ex-communist ideology. However, the effects of the institutional barriers have considerably reduced these ideological differences.

One example of this is the introduction of the category of vital national interest (even if it is not at all precisely defined) into the constitutional system and the field of political decision-making. In terms of ideology and politics this has had at least three crucial consequences. Firstly and almost automatically, national political parties, as authentic advocates of vital national interests, are favoured. Secondly, these national parties must win elections in order to secure the protection of vital national interest. Thus, indirectly these parties are protected by the constitutional system and the Election Law itself. Thirdly, this situation inevitably forces other political parties, even those of social democratic provenance, to lead and propagate those very political ideas that are represented by national parties. In short, this system works as a leveller, providing no real opportunity for ideological differentiation across the political landscape. In the parliaments, for example, the delegates' caucuses are grouped along ethnic rather than ideological lines.

In addition, political parties are commonly focused on the personality of their leaders which generates a high degree of political exclusion within their own membership. At another level, this often leads towards its membership abstaining both from political engagement and from casting votes at elections. This system also crucially impacts upon the political exclusion of citizens. The forms of this exclusion are diverse, from abstention from elections to social passivity and isolation. Indeed, although we have avoided discussing psychological factors, it is important to note that in BiH there appears to be a strong phenomenon of self-exclusion.

3. Direct Ethnic Discrimination and Exclusion

In emphasizing the overall nature and pervasive impact of ethnic division, it is important to keep in mind the direct forms of exclusion which the current system engenders. This can be done by looking at the impact of the constitutional settlement and then discrimination at local level.

The constitution, which was required to meet the approval of the leaders of the three constituent peoples, almost necessarily contains barriers to inclusion. Whereas a constitutional system should be determined by social reality and by the general and long-term political goals and interests of all citizens, in BiH the constitutional system was devised along ethnic lines, and axiomatically contributes directly to social exclusion.

The constitution does not consider its peoples as citizens but rather as Serbs, Croats, Bosniaks or 'Others'. The issue of social, collective and individual freedom was constitutionally solved by incorporating all the most relevant international conventions and declarations on human rights and fundamental freedoms into the constitution. Yet, those who do not declare themselves as Serbs, Croats or Bosniaks, and those who do not want to declare themselves as 'Others', astonishingly have fewer political rights. They cannot stand as a political candidate nor participate in public life. In reality, they are unlikely to take on any key positions, as most appointments remain under control of the political parties. Thus they are socially excluded.

Ethnic groups living in 'the wrong place' fare no better. For example, Croats living in RS do not have an active right to vote for the Croat member of the BiH Presidency. Following the same logic, they cannot themselves be elected to the post. Instead, the Croat member of the BiH Presidency can only be elected from within the territory of FBiH. The situation relating the rights of Bosniaks and Croats living in RS and the Serbs living in FBiH is identical (see *Article IV, BiH Constitution*). The 'Others' remain unrepresented at Presidency level. A similar situation applies to the voting rights for the House of Representatives of the BiH Parliamentary Assembly. From the 42 representatives, two-thirds are elected from the territory of FBiH, and one-third from RS. The election process in the BiH House of Peoples (15 delegates in total) is also discriminatory, where five Bosniaks and Croats each are elected solely from FBiH, while five Serbs are elected from RS (see *Articles IV and V, BiH Constitution*).

Thus the highest body of legislative power in BiH operates on the principle of ethnicity and territory and not on the basis of citizenship regardless of ethnicity or place of residence. The ethnic dimension is represented in the House of Peoples (where delegates are elected on the grounds of ethnicity), while the territorial dimension is embodied in the House of Representatives (the Entity majority has more weight here than the representational majority).

This ethnically-based constitutional structure is felt in many spheres but most crucially in education, management of the returns process and the resourcing of service delivery. We have already commented on the former two areas. Separate education, in addition to creating and sustaining distances between groups, often requires pupils and students of a minority background to travel long distances for schooling, and to attend separate higher educational institutions. They are therefore disadvantaged and isolated from their peers of a different ethnic affiliation.

In turn, local authorities all too often place low priority on the needs of returnees and minority communities. This is reflected in poorer and unresponsive service provision from local and cantonal (FBiH) or regional (RS) agencies. As a result, minority communities are not merely psychologically or politically excluded but also deprived in a direct and material sense. Similarly, in the economic sphere employment and business opportunities are weakened not merely by pervasive discrimination but also by the legal and institutional mechanisms which are orchestrated by the ruling groups. Indeed, BiH cannot be said to have a genuine single, let alone inclusive, economic space as long as labour and capital are not truly mobile, and allocated according to market dynamics.

4. Ethnic Division, Attitudes to Social Solidarity and the Retardation of Social Processes

The complex nature of the state is replicated at a personal level. Ethnic division in BiH shows just how deeply divided the country is. In some aspects, ethnic separation in BiH today is far greater than during the war, although it has now taken on a subtler form. The reasons for this are numerous – historical, ideological, political, psychological, stereotypical, etc. One of the essential reasons, in our context, lies in the fact that the normative sphere has actually legalized ethnic separation.

Social exclusion in BiH takes on at least two different forms. One occurs when constituent ethnic groups in BiH exclude the other groups and individuals who declare themselves as citizens (i.e. without an ethnic allegiance); the other is manifested when constituent ethnic groups exclude those of another ethnic group. These processes occur in different forms; some are official and normatively regulated, such as the election process. However, what is happening more often is ethnic-based exclusion in non-institutionalised, informal ways. This latter case is much more difficult to identify, verify, and particularly to remove.

These divisions and mutual distances between the ethnic groups are inevitably eroding the social fabric and questioning the essential existence of a shared identity in BiH. This is supported by the fact that the prevailing identity felt by citizens in BiH is that of being European, followed by their own ethnic identity, while the national (BiH) identity is last.³⁹ Although this fact can be interpreted in different ways, the predominance of the European identity can be seen as the lack of a national, BiH identity.

The degree of ethnic distance in today's BiH has in many ways increased since the war, creating further isolation of each ethnic group and making the possibility of social inclusion and social cohesion ever more difficult. In addition, over time it is also conducive to a change in people's values, particularly among the youth. In this context, it is interesting to note the following findings of a recent, yet unpublished, survey on the system of values in BiH that display the attitudes of young people towards social inclusion and solidarity.⁴⁰

In BiH, 61% of young people consider that "what matters most for the success of a group is to find an energetic, austere and just leader whom everybody would respect and listen to". Almost the same percentage of respondents is of the opinion that young people, when they come of age, "need to avoid rebellious ideas and should calm down". Furthermore, 32.8% of young people consider that when resolving important social problems "one should keep quiet and wait to see what others think of it", while another 22.3% are "indecisive". In addition, over 40% of young people consider that "one should return to traditional customs and lifestyle, and that one should not be engaged in resolving the complex issues of life". Almost the same percentage of interviewees does not want to accept the duties that would oblige them to "deal with important social issues". Almost 50% of interviewees, including the indecisive ones, consider that "those who let things go are much happier".

The results of the 2006 survey on social exclusion conducted for this NHDR (see Annex 4) also indicate the possible consequences of a lack of concern over social inclusion and solidarity. A relatively high percentage of interviewees (34.1%) said that they participate in social activities less than other people do. Another 90.7% of the interviewees had not participated at any meetings organized by a political organization, etc. over the last several years and only 9.3% of respondents are members of non-governmental organizations, cultural associations or sports clubs.

The above-mentioned research shows that different processes and forms of value-change, self-exclusion and alienation from social networks are taking place, while social solidarity only seems to happen at close friendship and family level. In parallel, one might also argue that it is ethnicization that has led to a general retardation of those social processes which would lead to wider inclusion within BiH society. We have already noted that the post-conflict period has seen, in many respects, a worsening in gender relations. And this perhaps provides the most persuasive case study. Attitudes have hardened on social matters including familial and gender roles. Women are under-represented in business and the political arena, and their earnings increasingly lag behind those of men in the economy. This directly contradicts women's growing success in educational terms.

Equally, the closed politics of ethnicity and nationality is a poor environment for reaching out to and including those 'Others' who have always been considered as outsiders. This applies to both attitudes and, in turn, official responses to groups such as the Roma, lesbians and gay men. Stigmatization, an important driver of social exclusion, flourishes in such an environment. Moreover, emergent public policy issues which have an exclusion dimension - for example HIV/AIDS - are blighted in the same way. Thus overall the ethnicization of society in BiH both distances ethnic groups from one another and unites them in their distance from the 'Others'. This is a weak basis for securing inclusion, and works to deepen excluded groups' vulnerabilities.

³⁹ Đ. Čekrlija, V. Turjačanin, 2005.

⁴⁰ Institute for Philosophy and Social Research, *The Value System of the Youth of Bosnia and Herzegovina*, Banja Luka, 2006. The survey was conducted in the entire territory of BiH. The sample covered 1,186 interviewees, with a relevant representation of those from urban and those from rural areas, and with a representative gender, ethnic, and educational sample.

5. Summary and Conclusion

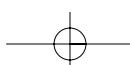
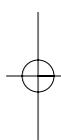
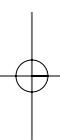
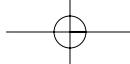
As discussed above, we believe that the current constitutional structure of BiH lies at the heart of the problems faced by the people of BiH in terms of ethnic division and post-conflict discrimination. The basis of change should be that of considering the citizen as an individual rather than belonging to any particular group. BiH institutions should be structured in such a way as to provide freedom both at individual and collective level. In broad terms, constitutional reforms should address the issue of who elects whom, seeking to remove the current arrangement whereby it is ethnic groups, rather than individual citizens who cast their votes at elections. In general terms, a single economic space should be an end goal, with autonomy in the economic and educational spheres, devoid of overriding political influence.

One of the biggest problems is the issue of the state itself. The Dayton Peace Agreement focused on achieving peace, rather than on creating a coherent state structure. We need, primarily, to define the state's identity. Is it a republic and if so what is its structure? Is it federal, co-federal, or some other structure? At the basis of these suggestions should be the establishment of a local self-governing system and a regional structure which would ensure that the authorities serve the citizens, and not vice-versa. We need to bring BiH municipalities into a more equal position and to ensure that cities operate as urban communities which genuinely bring together the interests of all citizens.

The institutions of the international community should no longer be covered by constitutional provisions. Rather, the IC's role should be contained within the ambit of international politics, i.e. conventions and resolutions. Thus space would be made to increase the authority of local political institutions, strengthening their responsibility both in terms of making a clear commitment to resolving current problems and shaping the country's future.

In conclusion, this chapter has shown that social inclusion policies in BiH are hampered by certain institutional barriers, the constitution, the resulting ethnic divide and a lack of social solidarity. Social inclusion in other European countries is based on social solidarity. In BiH, the feeling of social solidarity and cohesion remains weakly defined. The people of BiH are therefore poorly motivated to solving exclusion-related problems such as active participation in the political sphere or cultural area, the labour market and the education system. To strengthen the acceptance of social solidarity in BiH, uniform access to institutions and broad reforms need to be guaranteed.

As an endnote, we recognize that properly resolving these pressures will require time and a progressive change in social dynamics. Institutional and legal changes can play their part, yet reconciliation and the fostering of a new togetherness on the basis of respect and tolerance of difference - ethnic or otherwise - lies at the core of securing a lasting transformation for all the peoples of Bosnia and Herzegovina.



National Human
Development Report

2007

Social Inclusion
in Bosnia and Herzegovina

CHAPTER 4:

A SOCIAL INCLUSION AGENDA FOR BiH

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This chapter marks the beginning of the second substantive part of the report - the development of policies for tackling exclusion in BiH. Its purpose is to set out the priorities which might make up a national social inclusion agenda. It is then followed by more detailed sector chapters which map out actions in specific fields - the economy, education, health and political participation. This chapter also purposely seeks to marry BiH priorities with the EU agenda and the pre-accession process.

We begin with a discussion of the EU mechanisms and the policy issues which BiH is most likely to encounter during the course of its accession to the European Union. We then map out a set of priorities for attention; this is given in terms of seven tangible major challenges to be faced. We emphasize that these are not given in any particular order of priority.

1. Crafting a Policy Framework in BiH Fit for European Standards

As we have seen in Chapter 1, social inclusion is one of the cornerstones of socio-economic development. In Chapters 2 and 3, we analysed social exclusion in BiH with special emphasis on its ethnic and post-conflict aspects. The percentage of the socially excluded population in BiH indicates that it is one of the country's most pressing problems. We can therefore assert that a social inclusion agenda is both compliant with EU accession and central to BiH's underlying developmental needs. We have also argued that the development of a suite of policies and actions is an urgent task, and that this should be rooted in the existing policy framework.

The two most relevant policy documents developed thus far in BiH are the Mid-term Development Strategy of BiH 2004 - 2007 (MTDS), adopted in 2004, and the Action Plan and Integration Strategy of Bosnia and Herzegovina within the European Union, adopted in 2006. The former sets out the overall policy framework, while the latter shapes policymaking to accession requirements. The MTDS is therefore the more significant of the two for developing and tracking national policies, and is already moving in the direction of inclusion objectives.

The 2005 MTDS review shows that despite continuous economic growth, one-fifth of the population is living in poverty. Thus growth is not distributed equally and some groups are excluded from benefiting from positive economic development. The revised MTDS seeks to put this right by further adapting policy to target the vulnerable. We believe that social inclusion policies can address the rising inequality problem by focusing more specifically on the causes of exclusion and integrating mitigating measures into the sectoral strategies, thereby addressing a major part of the problem.

Moreover, in time, the MTDS will have to inform - or perhaps itself be reshaped - into a Joint Inclusion Memorandum (later to be replaced by a National Action Plan) as EU accession draws nearer. This would ensure continuity and consistency of the BiH approach.

It is also useful that BiH has fully adopted the Millennium Development Goals for BiH, covered in the UNDP BiH NHDR 2003, 'The Millennium Development Goals in BiH'. This was given further weight by their use as indicators to monitor MTDS implementation and grounds policy in tangible actions to end material deprivation and secure inclusion.

Marrying the Goals to the pre-accession dialogue and process in BiH, however, has proved more difficult. In 2006 the BiH Council of Ministers adopted its second decision on the European Partnership Priorities. In these we have

noticed a lack of priorities related to the social sector, education and health, and poverty reduction.⁴¹ This amounts to an absence of approach, or even the slightest sign, of social inclusion policymaking. On the other hand, the Multi-annual Indicative Planning Document (MIPD) 2007-2009 for BiH, being prepared by the EU and the Directorate of Economic Integration (DEI), should secure necessary coordination and grounding of the different components of the Instrument for Pre-accession Assistance. This is a condition for acceptance of the *Acquis Communautaire* (the body of laws of the European Union). Yet crucially, a social inclusion policy is not strictly an *Acquis* requirement. Indeed, pre-accession is laden with meeting technical requirements, rather than the development of policy-making capacities.

The MIPD is an interim step in the process of programming carried out in three phases within the Instrument of Pre-Accession (IPA). It follows the Multi-annual Indicative Financial Framework (MIFF), where the key areas of intervention and priorities emphasized in the MIPD are translated into detailed priorities, measures and operations. The MIPD consists of two components of the IPA instruments that relate to BiH - the assistance component in the interim phase and institutional development; and the cross-border cooperation component. Both of these translate the priorities established within the European Partnership (i.e. political conditionalities, European standards and European sectoral policies) into specific themes to be supported. The cross-border component supports regional cooperation with the EU member states and neighbouring states that have acquired candidate status, as well as the countries which are potential candidates for EU membership.

The risk is, however, that this document will further neglect policies of social inclusion. As noted, the EU *Acquis Communautaire* does not, per se, require social inclusion policies. Yet, as the country moves closer towards accession, social inclusion will become a priority, as outlined earlier. Nevertheless, socially inclusive development will ease the way to EU integration by strengthening BiH's social and human capital. An inclusive development that incorporates all possible human potentials will create more sustainable growth which can move the accession process forward. Therefore, it is of utmost importance that social inclusion policies are being designed and integrated into future policy planning in order to ensure that BiH will be fully onboard in terms of social inclusion before real accession to the EU begins.

The EU Stabilisation and Association Agreement requires very costly and comprehensive reforms which BiH will not be able to finance on its own, as was the case with other countries in the accession process. Some funds for this purpose had been envisaged in the Mid-term Framework Expenditures of BiH for the period 2006-2008, but well-defined and well-targeted donor assistance is still necessary to realize this goal. The EU provides funds to support development of this process. This assistance, aimed at less-developed regions and specific social groups, is channelled through structural funds.

EU structural funds are distributed for the following priorities:

- Regions lagging behind in development;
- Economic and social conversion of regions facing difficulties in development;
- Training and re-qualification, as well as new jobs, in the above-mentioned regions;
- Four specific initiatives for finding solutions to specific problems:
 - Cross-border, trans-national and inter-regional cooperation;
 - Sustainable development of cities and urban areas lagging behind in development;
 - Rural developmental through local initiatives;
 - Combating inequality and discrimination in the employment field.

⁴¹ See: EPPU-PIMO, *BiH Medium-Term Development Strategy, 2004-2007 (PRSP), Revised Paper*, May 2006, p. 25.

The structural funds can finance multi-annual programmes which represent an integral part of the partnership, while key responsibility for the implementation is borne by national or regional authorities. Once BiH acquires candidate status and becomes able to access these monies, the structural funds will create the opportunity for the country's significant engagement in strengthening sustainable social inclusion.

One fundamental problem with getting international financial assistance lies in the interim period between the signing of the SAA and the moment when structural funds would become available. A possible solution for this problem rests with intensified domestic efforts and reforms of the social and economic sectors, which would have social inclusion as one of the priorities.

It is therefore very encouraging that the Mid-Term Development Strategy has proposed the formulation of the country's National Development Plan (NDP) for the period after 2007, as done by other EU candidate countries. A further, very good proposal was made to start developing a Social Inclusion Strategy early, by the end of 2006, so that it could become one of the bases for the NDP BiH.⁴²

2. Inclusion Priorities

In the following discourse, and drawing on the previous analysis, we set out seven key priorities for strengthening social inclusion in BiH and the mechanisms for achieving EU standards. These define a possible social inclusion agenda for BiH which in turn marries up with reforms important for the EU accession process. The priorities quoted below are then followed up in the remaining chapters of the report, which provide analyses and a road map for actions within the different sectors.

Priority One:

Develop an inclusive labour market and promote employment as a right and opportunity for all

According to the recently published Labour Force Survey (LFS), the BiH unemployment rate is 31.1% (FBiH 32.4%; RS 20.5%; Brčko District 37.1%)⁴³. This survey, carried out according to ILO standards, shows that unemployment is huge problem in BiH, and one of the strongest generators of social exclusion. For this reason, development of an inclusive labour market must be one of the key priorities to strengthen social inclusion.

Furthermore, and as mentioned above, the survey also showed that inactivity - discouraged ex-workers and non-job seekers - is among the worst problems of social exclusion in BiH. Indeed, the figures suggest that almost half the eligible work force has simply given up on the labour market and has simply chosen to subsist in the grey sector, rely on transfers from abroad, or to depend on social and familial solidarity.

These phenomena are very troubling. Economic activity and labour market participation lies at the core of economic inclusion. It is the primary mechanism by which wealth is spread across the income distribution and within and between different groups. Without step changes in activity, employment and participation rates, growth will remain inequitable.

The following general principles are crucial for strengthening an inclusive labour market:

- Assistance in job seeking and prevention of long-term unemployment;
- Support to entrepreneurship and improvement in the business start-up climate;
- Promotion of workers' and companies' adaptability to changing conditions;

⁴² See: MTDS BiH, *ibid*, p. 25

⁴³ BHAS, Labour Force Survey (preliminary data), Press Release No. 1, 27 July 2006, Sarajevo.

- Provision of higher and better quality investment in human capital;
- Growth of job opportunities and support for an active old age;
- Support to gender equality in terms of employment and wages;
- Combat discrimination, particularly against vulnerable groups;
- Improve financial incentives to raise wages;
- Significantly reduce informal labour through the transition from the informal to the formal economy;
- Provide support to professional and geographical mobility.

Two general priorities should also be added:

- Support to foreign direct investment and investment-led activation of domestic saving aimed at job creation and maintenance;
- Reduce regional differences among the labour markets.

Priority Two:

Ensure welfare system models are adequate and accessible to all and that they enable effective labour incentives for those who are able to work

The failures of the existing welfare system in BiH have long been recognised. The current system is maladapted to purpose and is inequitable. Sadly, far-reaching programmes of reform have faltered. Reforms of the welfare system, i.e. the development of an inclusive welfare system, need to be addressed through two broad courses of action:

First, the development of models oriented towards beneficiaries and their needs. This might be achieved through:

- Development of the welfare system services to improve quality of life;
- Securing active forms of protection and better targeting;
- Development of a network to respond to the needs of beneficiaries;
- Securing pluralism of services;
- Development of a new approach taking individual needs into account.

The second course of action is orientation towards personal human capital investment. By this we mean supporting investment which will allow the integration of current and past welfare beneficiaries into the labour market, enabling their full social inclusion. This particularly relates to persons with special needs. Social enterprises and cooperatives can play a significant role here. The above-mentioned basis for development of an inclusive welfare system is much more than mere reform of institutions, legislation and models of labour. It is a radical paradigm shift away from the current welfare system.

BOX 7: PUTTING SOCIAL INCLUSION INTO OPERATION WITHIN MUNICIPAL DEVELOPMENT PLANNING IN BIH - UNDP RIGHTS-BASED MUNICIPAL DEVELOPMENT PROGRAMME, RMAP

RMAP is a joint initiative of UNDP and the BiH Ministry for Human Rights and Refugees (MHRR) which responds to social exclusion and to the lack of planning, project development and implementation capacities at the municipal level in BiH. RMAP is composed of three interrelated components: (i) assessment and planning; (ii) implementation; and (iii) policy development, with stakeholders' capacity development being a cross-cutting activity. It is based on the notion of an intrinsic linkage between the objectives of development and human rights.

A Human Rights-Based Approach, as used by RMAP, is understood as a development framework which uses the analytical strength of human rights and their underlying principles (participation, non-discrimination, accountability) for deepening and broadening existing approaches to development. RMAP sets this in practice by combining human rights with more standard, local development analysis related to the assessment of local needs and potentials, and within a participatory and accountable local planning and implementation process.

RMAP coaches BiH municipalities in adopting a multi-sectoral approach to municipal assessment that includes, but goes beyond, local economic development or other narrower approaches. The assessment and planning is highly participatory (in some municipalities it involves up to 150 people) with a focus on the inclusion of the most vulnerable groups in the whole process. Via a series of inbuilt workshops and training sessions there is also a strong focus on local capacity development for planning, project formulation and implementation that promotes local development as well as the enjoyment of human rights.

The overriding goal of RMAP is for the community to have full ownership of the rights-based strategies. For this to be achieved, the rights-based strategies are developed as community strategies, rather than just strategies of the local government. The result of the participatory process is compiled in the rights-based community profile which comprehensively reflects the status of local development and gives the baseline for the subsequent planning process.

Wide ranging participation is ensured through the Partnership Group (PG) which includes representatives of all segments of the community. Also, Focus Groups (FG) and individual meetings are organized in locations most convenient for ensuring full participation of the vulnerable parts of the population such as the Roma, returnees, elderly, youth, rural population, etc. to avoid elite, or majority capture of the process. In this sense RMAP, by applying a rights-based approach, defines and gives meaning to equity and social inclusion within a local planning process. Non-discrimination analysis, which is at the core of the HR framework, is used to identify the most marginalized and vulnerable at an early stage of the process and then - based on the participation principle - to efforts aimed at encouraging systematically their direct and indirect (via focus groups) participation in the whole assessment and planning process and in the identification of projects and measures.

The local governments' executive and legislative arms have a key role in taking the lead with regards to the logistic set up of the whole process and all meetings, in the drafting of the rights-based strategy, and in the implementation phase. The Municipal Development Team (MDT), headed by the Mayor, is formed at the beginning of the assessment process; its role is to lead the RB assessment and planning process at municipal level. Also, ongoing communication is established with the Municipal Assembly, which has representatives in the MDT. After the strategy has been drafted by the MDT and RMAP, and approved by the PG, the Municipal Assembly finally adopts and confirms the priorities set out in the strategy. Upon adoption, the rights-based strategy, in average covering a five year period, becomes a living document

which is implemented by the executive branch of the municipal government and adjusted based on changing circumstances, with assistance from RMAP.

In the implementation phase which follows, RMAP provides further technical assistance and capacity building related to project development and project cycle management to municipal partners. Jointly a set of priority projects, which include projects specifically targeting excluded or vulnerable groups, are developed and implemented under a co-financing arrangement between the municipality, implementing partners and UNDP.

Raising the capacities of the claim holders to claim their rights, as well as the ability of the duty holders to deliver those rights, is a crucial aspect of RMAP's work in BiH municipalities. By introducing international human rights standards as the framework and basis for mounting development interventions, RMAP brings into the local officials' view the obligations towards the rights' holders, and how to fulfil them. Furthermore, the techniques for the inclusion of citizens, along with familiarization and training in the planning tools usage, are transferred to both the municipal officials, and the citizens who participate in the process. The transfer of other skills, such as SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, action plan development and project design and implementation skills, are also transferred in order to sustain the process.

Box submitted by UNDP's RMAP Team.

Priority Three:

Place stronger focus on the most stigmatized and vulnerable individuals and those at greatest risk of exclusion in view of long-term welfare services

The persons belonging to the most excluded and stigmatized groups - for example the Roma, homeless, victims of abuse, substance addicts and HIV/AIDS sufferers - need to be the focus of greater attention in order to eliminate acute difficulties, which also cause them problems with employment and entry into the labour market, societal participation and the provision of key entitlements. Very often these groups are faced with major problems because of their social exclusion. Therefore, BiH's goals should be to:

- Promote and finance programmes of integration or social re-integration for members of vulnerable groups, to help them gain and increase motivation, learn about the ways of participating in society and boost their self-confidence;
- Seek ways to motivate these groups towards gaining an education;
- Improve the self-organization of each group;
- Support initiatives launched by beneficiaries;
- Launch publicity and familiarization campaigns to re-educate the general population and reduce the pervasive effects of stigmatization.

Priority Four:

Place greater emphasis on combating child poverty in order to break inter-generational poverty inheritance

It is increasingly clear that in households with children, numerous exclusion factors are reflected which, in a society such as that of BiH, may increase children's or young person's risk. Official statistics do not keep separate or sound records of this. Families with children have not attracted any significant attention aimed at preventing, or reducing as far as possible, inter-generational poverty perpetuation.

The Preliminary Report on the State of Poverty in BiH, 2001-2004,⁴⁴ showed that households with a greater number of children are among the poorest groups of population. As much as 66%, or two-thirds, are poor. At the same time, they make up 10% of the overall number of all the poor. Children in BiH make up one-third of the overall population. Of this number, every second child is denied health insurance, while 60% of children belong to those categories denied some part of the welfare system. Between 5%-6% of children are not covered by mandatory primary education, while 18% are forced to carry out hard work. Every fourth child is the victim of some form of violence.

Children and youth may find themselves in the socially excluded category, or may represent a group of socially excluded, if they originate from low income families. According to the survey commissioned for this NHDR, more than half (52%) are actually socially excluded, living in an unfavourable family structure, i.e. single-parent family, or a particularly large family (66%, according to the Preliminary Report). The rural population, which usually has a greater number of children, makes up 83% of the poor. If we add to this the low educational standard of the parents, particularly in rural areas, then it becomes clear that reaching maturity for most of these children means continued poverty, both in material terms, and in terms of educational opportunity.

To be a child in BiH today is very difficult and increases the risk of exclusion. Children and youth from poor families should therefore be given special attention. According to the survey for this report, from a sample of 1,521 interviewees, 675 (44%) consider that their households live in 'difficult' or 'very difficult' conditions because of a low income, while 612 (41%) somehow make ends meet, and only 192 (12.5%) live a comfortable life on their current income. A total of 22 interviewees (1.5%) did not answer this question.⁴⁵ If only 12% - 14% of the population now live comfortable lives on their present income, this signals the need to take into account the fact that one-half of all families with children somehow manages to cope on their present income, while almost one-half of families with children live in 'difficult' or 'very difficult' conditions. In other words, almost a half of households with children, due to poverty, run a high risk that those children will be deprived of many of their needs, and it is likely that those children, because of their poor educational standard and social exclusion, will in turn transfer poverty to their own families and households.

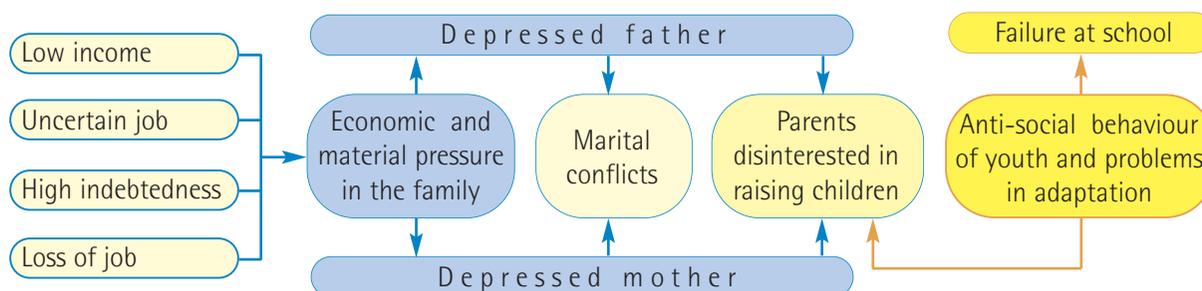
Figure 1 shows how poverty and economic stress can have an impact on the family's likelihood of becoming dysfunctional, as well as have a poor level of care for children and their developmental needs. It is also highly likely that such poverty would lead to behavioural deviation among children and youth, failure at school, or to dropping out of school entirely, and to the overall problems of inclusion in society.⁴⁶

⁴⁴ EPPU-PIMO, Preliminary Report on the State of Poverty in BiH for the Period 2001-2004, Sarajevo, May 2005.

⁴⁵ One-half of the households covered by the NHDR-2007 survey are those with children. Although in this respect the sample is not representative, it does signal that a great number of young people and children may find themselves in socially excluded groups as early as in their childhood and school age, regardless of whether they attend school or not.

⁴⁶ According to: Shaffer, D. R., *Developmental Psychology, Childhood and Adolescence*, 1996, p. 613.

Figure 1. Impact of Poverty and Economic Stress on the Family



In EU countries, various projects and forms of assistance to children from materially and educationally deprived, disintegrated and dysfunctional, as well as extremely poor families are being developed. These can be divided into two main groups:

- Interventions made by society and social institutions which take place whenever a child does not have optimal family conditions for development, to compensate for bad parenthood and poor family conditions. These interventions manifest themselves in different forms of social assistance, provision of the best possible education, scholarships so that children can attend school for as long as possible, sporting and cultural activities, socializing, group summer vacations, parents' meetings and so forth.
- Alternatively, permanent educational support is organized for young people, particularly for those from groups at risk, to prepare them for successful marriage, family and responsible parenthood. Particular attention is paid to those young people who did not have a happy childhood in order to make them understand the reasons and to learn how to avoid committing similar errors in raising their own children.

These programmes of assistance to children from families at risk are extremely rare in BiH and there is still no awareness of their importance and urgency. Local communities and schools should have a duty to recognize the problems and bring together children and young people whose parents are unable to provide them with an adequate educational environment in their own homes and who, for that reason, may easily find themselves on the margins of society.

Priority Five:

Provide preventive early education and thus offer an escape from generational deprivation

Almost all the research dealing with the development of children and youth illustrates the importance of the early years for the later development of personality and thus social success. Today, the age group 3-7 is considered crucial for the formation of many characteristics and qualities, such as intellectual curiosity, motivation to learn, and the need to socialize and to belong to a group, as well as the creation of self-awareness and one's role in society.

It is clear that children who begin primary school from disadvantaged backgrounds at an early age find it hard to compensate later on and to meet satisfactorily all the requirements expected of them at school. Based on these findings, UNESCO's 1996 Commission defined the requirements to be met by every government that all

children should have basic education,⁴⁷ not only as a legally-binding requirement, but also primarily as the basis for life-long learning. Unfortunately, BiH has the least developed pre-school education system both in the region and Europe as a whole. This situation should be of grave concern to all educational policy decision-makers in BiH, since under-development at this basic level of education systematically undermines the intellectual potential of the country and exerts a serious impact through loss of potential talent.

Further, relatively speaking BiH has the most expensive pre-school education; parents have to pay one-third of their average wage to cover the pre-school education of just one child. Some payment exemption does exist, particularly where two children from one family are of pre-school age. Even so, the costs are too high for many parents who usually opt out and seek childcare alternatives from unqualified people.

Social differences exert a strong influence on a child's development from pre-school age. Social exclusion already begins at this stage. In the absence of adequate social intervention, its negative consequences will endure not just throughout childhood and youth, but throughout adult life. In order to survive, poor parents accept low-paid jobs in the grey economy and leave their children at home alone or with elderly people who can provide them with far less than they need for their overall development.

If a society does not provide its pre-school children with equal opportunities to attend pre-school institutions where their cognitive and emotional development is motivated within a professional environment, then it is the child's family situation which will either privilege or deprive development. While poor parents struggle to survive, materially-privileged parents can provide their children with expensive kindergartens and an array of educational, cultural and sporting opportunities. Children from poor families growing up outside urban areas are particularly vulnerable because of the lack of a developed network of pre-school institutions and the overall low standard of living.

The lack of attention to pre-school education, while universities still maintain four-year degree courses, needs to be urgently addressed. Indeed, some existing pre-schools are even being closed down. One possible answer to this disparity may lie in seeking closer links between pre-school and primary education, where the declining birth-rate has freed up some physical space which could be utilized for the pre-schoolers. This space could also be utilized for adult education, particularly for parents who have lost jobs, or for counselling parents with small children.

Priority Six:

Promotion of easy passage from school to work, with schooling better adapted to the needs of the job market

It is generally accepted that a low level of basic education reduces the chances of individuals being easily included in the labour market and performing skilled jobs. In order to reduce the risk of poverty and social exclusion, most European countries have extended mandatory education. In BiH, extended primary education was introduced in the school year 2004/2005, and now lasts for nine years. In addition, a significant number of young people still do not have a guarantee of employment after completing secondary school, nor any greater chance of social inclusion, since in most of these schools, vocational training is based on outdated curricula. Mandatory education in BiH is still organized traditionally, without flexible forms of vocational training targeted at specific jobs or trades. The outdated curricula and organization of secondary education exerts a direct impact on poor employment opportunities and, as a consequence, on social inclusion.

⁴⁷ Delors, J (ed.), *The Treasure Within*, Report to UNESCO of the International Commission on Education for the Twenty-first Century, Paris, UNESCO, 1996.

Our survey indicates that children and youth may find themselves at risk of poverty if they do not continue their education after primary school (their share among the poor amounting to 57%); if they are unemployed (17% of the total number of poor); if they are returnees to some parts of the country (10% of the poor); if they belong to the category of children with developmental and/or health difficulties, or with physical and/or mental disabilities because a minimum percentage (0.7%) attend regular school; and if they belong to other minority groups, such as the Roma.

Every second young person who is not attending any school or training stated that he/she is unemployed, which is 2.5 times more than in the overall population aged 26 - 65. Most of the employed young people work in the private sector (62%), while the percentage of young people employed in the state administration (13.1%) is three times lower than the overall 26 - 65 age group.

In order to increase the percentage of young people with vocational qualifications for jobs in demand by the current labour market, guaranteeing better employment prospects, the European Union has developed the Vocational Education and Training Programme (VET). The EUVET Programme II, a two-year programme based on the principles of life-long learning, started in BiH in January 2005.

Its main goals are:

- Development and further modernization of the system of vocational education and training (VET) in the context of life-long learning;
- Maintenance and further development of capacities of local institutions to reform vocational education and training, with special focus on the needs of the labour market;
- Harmonization and approximation of BiH educational system to EU standards.

The reform of secondary VET education also implies the development of a strategy for adult education; it should enable BiH to gradually harmonize its development with the strategic goals of the European Union. Four main pillars of the EU employment strategy determine the reforms of this education: job opportunities, adaptability, entrepreneurship, and equal opportunities. Given the high level of unemployment in BiH and the country's plans for economic reform, newly established small and medium enterprises, and the need to provide equal employment opportunity to women and men, all these four pillars should be of equal importance.

Priority Seven:

Reduce the degree of poverty and wider social exclusion of all ethnic minorities

The consequences of the war, ethnic cleansing, and the present constitutional arrangements have all brought a special meaning to the concept of 'ethnic minority'. All three constituent (officially 'non-minority') peoples are in reality members of an ethnic minority in those areas where the majority of the population is from other ethnic groups.

Research carried out by UNDP BiH in 2006 established a direct link between the position of constituent peoples from ethnic minorities (in different parts of the country) and their social exclusion and poverty.⁴⁸ It was found that the minority population is usually poorer, which in turn confirms that being of a minority ethnicity is a dominant factor of social exclusion; ethnically-determined poverty appears cumulatively as a generator of social exclusion (see Table 1):⁴⁹

⁴⁸ See: UNDP BiH, *Early Warning System - Quarterly Report 1 (January-March) and 2 (April-June)*, 2006.

⁴⁹ UNDP BiH, *Early Warning System QR 1*, p. 41, 2006.

Table 1.
Monthly Household Income, Including All Wages and Income of All Household Members, Child Allowance, Pension and All Other Sources of Income (in %)

Income in KM	Majority population in Bosniak Majority Area			Majority population in Bosnian Croat Majority Area			Majority population in Bosnian Serb Majority Area			
	Quarter	September 05	November 05	March 06	September 05	November 05	March 06	September 05	November 05	March 06
No income		4.0	3.5	6.4	2.9		2.8	6.8	0.6	5.4
< 100		2.3	3.2	6.7	1.9	1.6	4.2	7.8	8.5	10.1
101 - 200		14.1	17.3	14.5	6.9	10.3	7.6	11.4	15.2	11.4
201 - 300		13.0	14.2	12.4	2.0	3.7	7.9	10.9	16.5	12.6
301 - 400		12.0	12.8	12.4	2.7	6.8	3.0	7.5	14.0	10.5
401 - 500		9.1	15.8	11.8	11.9	6.4	5.5	6.8	11.8	11.6
Subtotal to 500		54.6	66.8	64.1	28.2	28.8	30.9	51.4	66.5	61.5

Income in KM	Minority population in Bosniak Majority Area			Minority population in Bosnian Croat Majority Area			Minority population in Bosnian Serb Majority Area			
	Quarter	September 05	November 05	March 06	September 05	November 05	March 06	September 05	November 05	March 06
No income		1.3	5.6	10.3	3.6	1.2	2.7	11.7	1.3	8.2
< 100		9.0	1.0	6.9	4.1	1.8	8.4	2.7	11.7	8.0
101 - 200		19.4	19.1	25.5	8.4	8.0	7.3	18.5	19.9	10.6
201 - 300		16.4	16.6	26.7	8.8	9.7	10.5	14.9	25.6	6.3
301 - 400		6.7	2.4	1.5	10.2	7.1	8.9	12.2	5.4	10.1
401 - 500		5.2	16.4	10.7	10.4	5.0	7.8	16.7	17.1	7.9
Subtotal to 500		58.1	61.1	81.6	45.6	32.8	45.6	76.6	81.0	51.2

Source: Opinion poll carried out for EWS by PRISM Research.

Although it is clear from this table that being a minority in certain areas of BiH may contribute to lower incomes, a direct relationship cannot be established because other factors which determine income - such as living in a rural area, age, employment status, and gender - are also indirectly reflected in these figures.

It is possible that the greater risk of poverty among ethnic minorities is due to exclusion based upon social isolation, and not the other way around. It may also reflect the fact that those who stayed or returned to those areas where they are in a minority ethnic group are mostly older people, age being additionally a significant factor of economic exclusion. This picture is confirmed by an estimation of self-perceived economic status - how households understand their poverty in relation to the rest of society and the predetermined average. The position of other ethnic minorities ('Others') is also directly related to the above-mentioned phenomenon.

In 2003, the Law on the Protection of Rights of Ethnic Minorities was adopted (Official Gazette of BiH, No. 12/03). In this law, 17 ethnic minorities were identified and guaranteed equal rights in full accordance with international standards. The provisions of this law define the rights of the members of ethnic minorities to freedom of organization and association in order to express and protect their cultural, religious, educational and other rights, interests and needs related to preservation of their identity. Generally, this law provides good protection of fundamental rights of the members of ethnic minorities in such areas as: the right to education and to fulfilment of cultural needs and interests (Articles 15 and 17); the right to use their language (Article 11); and the right to establish media and to participate in the work of the existing media. Unlike the BiH constitution, this law envisages the possibility of participation by the representatives of ethnic minorities in the bodies of authority, particularly in judicial and executive branches, as well as legislative bodies, in an advisory capacity (the Councils for Ethnic Minorities). Further, the Law on Amendments to the Election Law of BiH, Article 37, Chapter 13A (26 April 2004), envisages the participation of members of ethnic minorities at local authority level.

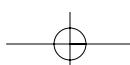
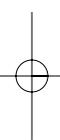
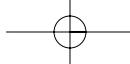
Despite the legal frameworks, however, exclusion occurs in the areas of employment and education because of the mono-ethnic structure of institutions and businesses. This exclusion may not be a result of direct discrimination but rather an outcome of the complex relationship between the larger ethnic homogenization of each constituent people in certain areas and the respective larger difficulties which the ethnic minorities in these areas have in enjoying the same opportunities.

Roma are, in this respect, even more disadvantaged as they are an ethnic minority throughout BiH. There are no official figures relating the size of the ethnic minorities in BiH so that, for example, estimates of the size of the Roma population range from 60,000 (Council of Europe) to 120,000 (estimated by Roma organizations). High unemployment rates and the real difficulties which the Roma have in getting equal treatment in the labour market, compounded by their low education levels, are the main determinants of their poverty and social exclusion. Reducing poverty and social exclusion of the Roma requires an holistic approach of socio-economic measures at various levels. In addition to eliminating direct discrimination and the provision of equal rights, their housing situation must be improved, equal access to education provided along with further training (in particular reintegration programmes for early school learning and scholarships for Roma students) and employers and public institutions must be encouraged to employ members of the Roma community.

3. Summary and Conclusion

Social inclusion and policies designed to reduce exclusion are part of EU standards, policies and practice. As we have underlined, in this phase of the EU Stabilisation and Association process, these are not a pre-condition. However, it is very important that BiH begins preparation of social inclusion policies in line with EU standards.

An analysis of social exclusion provides the most useful tool for understanding and tackling deprivation towards designing the relevant policies. In this chapter we have also translated this into seven key priorities for action. In the following chapters, we move from strategic level analysis and target-setting into the operational sphere.



National Human
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2007

Social Inclusion
in Bosnia and Herzegovina

CHAPTER 5:
**ECONOMIC
EXCLUSION**

CHAPTER 5: ECONOMIC EXCLUSION

This chapter is the first of a series which probes the dimensions of social exclusion in BiH and offers more detailed commentary on how we might secure greater inclusion. These chapters have no priority order, yet without doubt economic security and participation in the economy has a centrality, not merely in relation to material well-being but also in relation to other dimensions, since it is only through a vibrant economy that key entitlements can be delivered.

Our discussion is presented in three parts. We begin with the economic and policy context where we present relevant aspects of the BiH economy as they relate to exclusion and the shape of the current policy framework. Secondly, we investigate the various processes and dynamics of economic exclusion - unemployment, vulnerability and so forth. Finally, we map out some possible ways forward, offering a tailored set of inclusion policies.

1. The Economic and Policy Context

a) The BiH Economy in 2006

Much has been achieved in the economy of Bosnia and Herzegovina in the post-war years. The entire period has seen growth, macroeconomic stability has been firmly established with low inflation and the revenue budget is in balance. The central monetary institutions (chiefly the Central Bank of BiH) are strong and the transition to the market is well advanced. Growth in the current period, at around 5.5%, is in line with policy projections and GDP per capita is finally approaching pre-war levels. This positive progression is also strongly reflected in the economic component of the HDI, as discussed in Chapter 2.

On the other hand there remains much to be done, especially in the field of economic inclusion. Indeed, sustained growth has not significantly reduced economic insecurity. And it is worth pausing to consider that regardless of the positive trend of economic growth and increase in GDP per capita, still close to one-fifth of the BiH population (17.8%) lives below the poverty threshold, while one-third is exposed to the risk of poverty due to variations in their earnings. The living standard of many families is at a very low level. We argue that economic policies should focus more on solving the issues of the poor.

Moreover, it is also apparent that growth itself is having little impact on the headline rate of poverty. As the table below shows, in the years between the last two authoritative poverty surveys (the LSMS 2001 and the Living In Bosnia survey 2004), poverty fell by less than 4%, yet the cumulative growth figure was close to 30%. It is also apparent that inequality is growing and the material well-being of some groups has actually worsened in the recent past. This picture is exemplified in data provided by the BiH Medium Term Development Strategy Revision of 2005.

Table 2.
Changes in Poverty Rate 2000–2004 taken from the MTDS Revision (EPPU, 2005)

	Poverty rate in %		Decrease in poverty rate
	2001	2004	
RS	24.8	20.8	16.1
FBH	16.3	15.4	5.5
BiH	19.5	17.8	8.7

Source: MTDS Revision 2005.

Making growth pro-poor and reaching out to the vulnerable to enable them to participate in the positive economic dynamics is now a stated key priority for the BiH authorities. We argue, however, that it is precisely the current policy stance which has led to the distributional inequity. The transition process is not distribution neutral. More active management of inequality is required.

b) The Policy Framework

The principal socio-economic policy framework is given by the Medium Term Development Strategy of Bosnia and Herzegovina (2004-2007). The document was recently superseded by the revised MTDS BiH (May 2006). Notwithstanding all shortcomings, this paper has value, in that it is the only document of a strategic planning nature passed at state level.

Below we summarize the key dimensions of the revised strategy.⁵⁰

First and foremost the MTDS sees macroeconomic reforms as being crucial for the stability of the domestic economy, as well as laying out the foundations of future economic development. Macroeconomic policies within the document have been defined to provide for an environment which promotes faster economic growth. The framework views reduction of poverty in the country as a by-product of this process; indeed there is a one-for-one connection between the gross domestic product per capita growth and country's poverty level. The macroeconomic policies implemented thus far have contributed to the stability of prices and the currency rate, yet there have been only mild levels of poverty reduction. Therefore, the basic objective for BiH economy is to direct its growth on poverty reduction, i.e. pro-poor development. Macroeconomic stability is a necessary but not sufficient condition for achieving this objective.

The original MTDS BiH, adopted in 2004, sets out four main macroeconomic objectives:

1. To reach 70% of 1991's GDP by 2007;
2. To achieve a partial credit rating in the international capital market by 2007;
3. To reduce the public spending share in GDP;
4. To achieve fiscal sustainability through fiscal consolidation.

The original MTDS BiH anticipated the average growth of real GDP by 5.5% for the period 2004 - 2007, with the development scenario based on the macroeconomic projections of the International Monetary Fund (IMF). If we are to accept the IMF's prognosis, the average growth rate of 5.5% has been achieved (2004: 5.7%; 2005: 5.4%). However, the data supporting the MTDS revision originates from local institutions. Therefore, starting with the nominal GDP growth, we use the data from the BiH Agency for Statistics on national accounts for 2004 and estimates for 2005. According to the indicators for 2005, the nominal GDP growth rate was 7.4%, which was in line with the clear long-term trends. The estimated actual GDP growth rate for 2005 was 5.7%.⁵¹

Republika Srpska shows greater economic growth in comparison with FBiH, which leads to a more uniform GDP per capita in the country. It should be stressed that economic growth was principally accomplished through an

⁵⁰ EPPU-PIMO, *Mid-Term Development Strategy BiH (PRSP), Revised Paper, Sarajevo, May 2006*; Given data and quantification taken from the document, unless otherwise noted (pp. 13-20).

⁵¹ Source: EPPU-EPRU. In 2006 the Agency for Statistics of BiH will start calculating GDP deflators, while the realistic GDP growth rates for 2005, as well as for the previous years, remain the subject of discussions. Had the GDP deflator been at their disposal as early as 2005, it would have probably have given the inflation rate, which is notably below the one for 2005 (which is still calculated based on the cost of living indices). The prices of raw oil and other similar items have a lot less significant influence on GDP than the one identified by the cost of living indices.

increase in private investments at a rate higher than projected by the MTDS BiH, despite the reduction in incoming foreign support and a poor global economic situation.

In the period under discussion, wages and pensions showed a considerable increase which led to a growth in private spending. Based on the increased importation of machinery and expansion of civil construction activities, it can be concluded that gross fixed investments also increased significantly. Support to domestic production had a direct influence on the reduction of imports and consequently on lowering unemployment.

The inflation rate in 2005 was 2.9% which by BiH standards is something of an increase. The reasons for this acceleration do not lie in the demand-side factors but result from an increase in some administrative costs, as well as the growth of global fuel prices.

The fiscal policy is primarily affected through the development of the Medium Term Expenditure Framework (MTEF), which offers a mid-term perspective of budget processes. The broader strategic directions of MTEF continue to lean on the strategic directions of MTDS BiH, especially in the aspect of sectoral ceilings. Generally, macroeconomic projections of MTEF are consistent with the original MTDS BiH.

The implementation of the Law on the Value Added Tax (VAT) from January 1, 2006, which centralized the custom revenue collection system, required the application of new revenue allocation procedures. The funds are immediately deducted from an integral account to cover the expenditures of BiH institutions, thus creating a basis to strengthen the state level of government. The remaining revenues are further allocated to the Entities, according to a formula based on each Entity's share of expenditures.

It can generally be said that all data indicators confirm stable macroeconomic conditions and hence a favourable growth environment. But it must also be recognized firstly, that the economic environment requires supply-side measures if it is to be truly growth-promoting; and secondly that stability promotes but does not cause growth. In relation to the former, although a large number of measures improved the business environment in BiH, it still cannot be called favourable. In relation to the second point, little is said in the MTDS about the drivers of growth or those elements, policy choices and pre-conditions, which would make it pro-poor. Indeed, it has been argued that BiH lacks a coherent growth strategy.⁵² The MTDS contains elements - expansion of direct investment (DFI) and stronger educational provision - yet there is little evidence of an activist approach.

c) Summary

Overall, we can note the following prevailing trends at the beginning of 2006:

- Economic growth is in line with the plans, in some fields even exceeding anticipation;
- The implementation of the MTDS BiH saw a slight decrease in poverty;
- Poverty is widespread; in addition to affecting the unemployed, it also affects some employed persons, especially those in the informal sector;
- Private investments are in line with plans, but consumer crediting shows a worrying trend;
- Trade liberalization has had a negative impact on the foreign trade deficit - the fact that export values cannot cover imports is one of the most significant problems which BiH is confronting;
- Certain progress has been made in transparency (e.g. the treasury system), however there are problems with non-budgetary accounts and sub-Entity levels;

⁵² See UNDP (2007) *Jobs and more... Jobs*. This offers new economic perspectives for BiH.

- Revenue collection is improving, although it is too early to say if this trend will continue;
- Public administration expenditures are high, mainly due to the inability to achieve savings through reforms of education, the health system and social welfare;
- Certain progress has been made in the establishment of state institutions which are crucial for a better functioning BiH and EU accession;
- The centralization of tax collection has improved state-level financing.

The key problem remains the very weak impact of growth on poverty levels. Making economic growth pro-poor requires sound social policies, public provisioning and a vibrant labour market. This can be supported both by economic expansion and active labour market measures. Equally, at the time when the original MTDS BiH was drafted, many of the problems identified in that strategy still remain. Therefore, three goals defined by the original MTDS BiH have to remain the same: create the conditions for sustainable and balanced economic development; reduce poverty; and accelerate EU integration. We return to future policy issues in the final section.

The monitoring and evaluation process shows that the impact of implementation could be significantly improved, primarily through priority setting and more realistic planning of reform implementation. The revised MTDS BiH discusses the priorities, downwards from the perspective of the state, and upwards using data from various sectors and sources. This process has led to the creation of six general development priorities, as well as priorities for each sector, each having a number of priority measures focused on in the revised MTDS BiH as follows:

1. To maintain macroeconomic stability;
2. To increase private investment;
3. To restructure the economy;
4. To increase employment and strengthen links between human resources and the labour market;
5. To improve the social welfare system;
6. To increase the transparency and potential of BiH society.

To this must now be added a stronger emphasis on the European dimension. The EU integration process demands complete adjustment of the methodology, institutional frameworks and legal system, which would achieve European standards in all fields. We return to this below.

2. The Dimensions of Economic Exclusion in BiH Today

Economic exclusion is given both by material deprivation and a lack of opportunities. Thus we can speak of being economically excluded as being both left out of mainstream economic processes - as a worker within the labour market, a consumer within the goods market, and an asset owner, either in the sense of being a householder or an entrepreneur. The impact of this isolation is both directly a deprivation of material things and in turn, and more widely, a lack of opportunity and therefore lack of inclusion in other social entitlements and processes. These might be in education and healthcare or participation in the political process.

Central to economic security is therefore an ability to secure a decent living for the individual and his/her family. The main process by which this is achieved is participation in the labour market and/or access to credit to sustain

entrepreneurial activity. For those unable to participate either permanently or temporarily, a sound system of welfare transfers is a vital element which secures and reduces vulnerability. Sound operation of the credit market for longer term purchases (housing, consumer durables, personal investment goods etc.) is also important.

a) Unemployment and the Labour Market

Special attention should be paid to unemployment, considering its huge influence on social exclusion. A lack of employment both characterizes exclusion, leading to alienation and deprivation, and also limits opportunities for inclusion. Paid productive work represents the primary means of securing an exit from poverty. High levels of employment and an open labour market are central to inclusion objectives, across the board.

The actual dimensions of the unemployment problem in BiH were, until recently, clouded by methodological differences - the officially registered unemployment was overrated in comparison with the actual situation, yet the earlier Living Standard Measurement Study (LSMS) from 2001 gave underestimated unemployment rates. The Labour Force Survey (LFS) undertaken in 2006 using the ILO methodology gave the most realistic picture of the unemployment rate and labour force structure in BiH. This survey shows that the unemployment rate in BiH is 31.1%, which is notably higher than in the other countries in the region, except for Macedonia.

The tables⁵³ below give a more precise picture of the situation:

Table 3.
Population of Working Age by Activity, Sex and Entity (%)

	BiH	Federation of BiH	Republika Srpska	Brčko District
Total				
Activity rate	43.1	43.1	43.3	37.6
Employment rate	29.7	29.1	30.9	23.7
Unemployment rate	31.1	32.4	28.5	37.1
Male				
Activity rate	56.2	57.2	54.8	50.2
Employment rate	39.9	40.3	39.6	33.7
Unemployment rate	28.9	29.5	27.6	32.8
Female				
Activity rate	30.8	30.0	32.4	25.5
Employment rate	20.0	18.8	22.7	14.0
Unemployment rate	34.9	37.5	30.0	45.2

⁵³ See: BHAS, *Labour Force Survey*, ibid, pp. 10

Table 4.
Population of Working Age by Activity, Sex and Entity (%)

Status	BiH	Male	Female	FBiH	RS	BD
Employed	21.5	28.8	14.7	22.5	20.1	16.3
Self-employed	6.5	10.0	3.2	5.5	8.2	6.2
Supporting members	1.7	2.6	0.7	1.2	2.7	1.2
Unemployed	13.4	16.2	10.7	14.0	12.4	13.9
In school	10.5	10.4	10.5	11.6	8.6	8.4
Housewives	17.4	0.1	33.6	17.9	16.5	16.9
Pensioners	15.6	19.7	11.8	16.6	14.0	14.6
Other inactive persons	13.4	12.1	14.8	10.8	17.6	22.4
Population age 15+	100.0	100.0	100.0	100.0	100.0	100.0

From the aspect of unemployment and its relation with social exclusion it is also important to note the duration of unemployment, given in Table 5⁵⁴:

Table 5.
Duration of Unemployment by Sex (%)

	Total	Male	Female
Total	100.0	100.0	100.0
Found jobs	0.7	0.9	0.5
0-5 months	5.6	5.8	5.3
6-11 months	7.8	7.9	7.5
12-23 months	10.8	10.2	11.7
24+ months	75.1	75.3	74.9

Of greater concern, however, is the level of inactivity in BiH. The total labour force consists of 811,000 employed, 366,000 unemployed and 1,566,000 inactive persons. It is alarming that there is such a large number of inactive persons: the percentage of inactive persons in the labour-capable population is 57%. These figures show that less than a half of BiH's total population is either employed or unemployed, while a majority of workers have just opted out of the picture entirely.

Educational background also varies greatly between the three groups, with the educated faring far better. The educational background of the employed shows that the majority (60.6%) has completed secondary school (general or vocational); followed by those with primary education or lower (25.3%); and lastly those with a

⁵⁴ See: *Labour Force Survey*, ibid, p.12.

university education (14.0%). The nature of the education of the unemployed is worse but not enormously different: 70.2% has a secondary education, 25.4% have a primary education or lower but only 4.4% have a high or higher education, Master's degree or doctorate. The data shows the educational background of the inactive to be distinctly weaker: almost 66.9% of them have primary education or lower, only 30.1% secondary, and 3.0% university education.

We now turn to the demographic structure of employment and its structural composition. The employed can be split into three categories: the full-time employed, which is the largest group with 72.5% (35.2% of which are women); the self-employed which make up 21.7% (25.6% of which are women); and supporting family members (5.7% of which two-thirds are women). By sector, almost half the employed population (48.7%) is employed in services, 30.7% in non-agricultural activities, and 20.6% in the agricultural sector.

Among the unemployed, 58.7% are men and 41.3% women. The age structure of the unemployed shows that as many as 62.2% belong to the most active group - 25 to 49 - and more than one-quarter (28.1%) are young people aged 15 - 24 years of age. The remaining 9.7% are people older than 50 years. The majority of the unemployed (75.1%) has been job searching for more than two years. The smallest share (5.6%) comprises those who have been unemployed for five months or less.

The comparison between the registered unemployment figure (according to the applications at the employment offices) and the ILO (survey-based) unemployment data (38.9% compared to 31.1%) shows that 81.7% of the people identified as unemployed in the ILO Survey were also registered at employment offices, while 38.8% of persons registered at employment offices were not identified as unemployed by the ILO Survey.

Many exclusion issues can be raised here. Unemployment has a chronic pattern in BiH which also affects the young to a sizeable degree. But at least the young are still active within the job market. The sizeable number of unemployed not registered for assistance from the employment office also gives grounds for concern - large numbers are clearly disenchanted with the systemic response to unemployment.

b) Economic Vulnerability

At the core of economic exclusion is the condition of vulnerability to economic, health or other shocks. This is a serious problem in BiH. Poverty surveys continue to show the following patterns:

- A large portion of the population is very close to the poverty threshold (around 30%), supporting themselves in various and unsustainable ways of survival;
- Many have very insecure jobs or are employed in the informal sector without any job security;
- Employment is often in an extremely localized labour market with very unstable development prospects;
- Many have little chance of increasing their income;
- Economic policy continues to intensify vulnerability, for example because of ongoing privatization, market loss, and the reduction of income through direct transfer by the international community.

Workers in BiH therefore face a high risk of job loss, having their income reduced or a total collapse of their survival strategies. About 50% of the population of both Entities lives below the poverty threshold or at risk of crossing it at any moment.⁵⁵

⁵⁵ See BHAS, FOS and RSIS within the DFID Project 'Labour and Social Policy in BiH', *Qualitative Study 1 - Employment and Labour Market Status and Potential for Policy Development in Bosnia and Herzegovina*. BSAL/IBHI, Banja Luka/Sarajevo, October 2002 (local language version IBHI web site www.ibhibih.org, English version BSAL web site www.birks-sinclair.com).

Again, the biggest underlying problem is the high percentage of the labour-inactive population which practically illustrates the low level of the BiH economy. A relatively high level of growth can provide only the beginnings of an inclusive economy. The level of inactive but capable population underlines the key inequities present and this mirrors the high index of general social exclusion (HSEI) which we analyzed in Chapter 2.

Growing vulnerability to poverty in BiH is something which underlines what we might refer to as the 'virtual' nature of socio-economic security in BiH. This lies at the heart of the population's economic insecurity; it means that living standards, as well as the level of spending, do not correspond to a realistic economic foundation. This may lead to a sudden aggravation of the economic and social situation. To put it more precisely, there are unregistered, informal parts of economy that also produce and employ, and these are shaky foundations for expanding consumption. Alongside this is the unbalanced nature of economic growth, with its emphasis on the service sector and other non-tradable activities.

Yet the informal sector has a paradoxical, two-fold role: it acts as an invisible social mitigator as it provides earnings for a large number of people but on the other hand is a generator of poverty, as it dodges employment-related taxes and benefits, reducing not only budget funds, but also social funds (pensions, healthcare, social protection, etc.). However, there are also other grey sources of incoming cash which are extremely unstable and can be seen as virtual spending - foreign remittances and the spending of foreigners working for international organizations.

3. Gender Aspects of Economic Insecurity

Besides domestic violence, the second most prominent problem, and one of the first priorities of gender mainstreaming in BiH, is gender-based economic insecurity and vulnerability. Certain facets of this are worthy of separate attention:

a) Job Market Participation

Although it is assumed that women make up 52.2% of the BiH population,⁵⁶ the share of economically active women in BiH is 40%, which is among the lowest in the region, even though it has grown in comparison to 2003, when it was 38%, according to NHDR-2003 research.

Table 6.
Share of Economically Active Women by Entity and for BiH, 2003-2004

	2003			2004		
	BiH	FBiH	RS	BiH	FBiH	RS
	0.38	0.36	0.42	0.40	0.37	0.43

Source: GDI estimates, Table 28, Annex 1.

⁵⁶ NHDR-2007 research, HDI estimate, Annex 1.

In addition to the lower participation of women in productive work, the gender-specific segmentation of the labour market excludes women from the best paid positions and places them in the sector of less safe employment (education, social protection, health).⁵⁷

Domestic duties are still not perceived as work and a reproductive work contribution concept has not been developed. Maids hired in households do not have health, social and pension benefits and their employment rights are violated (holidays, sick leaves, work hours, etc.). However, this field has proved to be the most efficient in the adaptation process in transition countries and among migratory populations. Whereas men do not easily enter fields of work for which they have not been trained and thus remain unemployed, women use the skills they have and earn a living for their families. An analysis of poor households shows that the first effect of poverty is the way in which the household is (un)equipped (no washing machines or other household appliances), which significantly increases the burden of household chores.⁵⁸

b) The Gender Wage Gap

For the past thirty years the disparity in incomes between men and women in Europe has decreased from 31% to 15%.⁵⁹ Three factors contribute to the income gender gap: gender pay discrimination, segregation of occupations, and unequal obligations at home. Gender pay discrimination accounts for 25% - 50% of the gender wage gap. For an individual woman this can mean poverty and social exclusion, especially if she is a single mother. These factors can cause child poverty. The gender wage gap also prevents women from earning for an adequate retirement. In addition, NHDR research done in 2006 shows that women (25%) are less encouraged to advance in their careers than their male colleagues (19%). Disparity in earnings cuts both resources and motivation for further education. The impacts that the gender wage gap has on the government are lost tax revenues, lost insurance benefits, and an increasing dependence of women on social welfare. The gender wage gap has been calculated for BiH for the first time as a part of GDI estimates for this NHDR report (see Annex 1).

Table 7.
Income Distribution between Men and Women, BiH 2003-2004

	2003			2004		
	BiH	FBiH	RS	BiH	FBiH	RS
Income earned by women	0.315	0.297	0.352	0.333	0.306	0.361
Income earned by men	0.685	0.703	0.648	0.667	0.694	0.639

Source: GDI estimate, Table 28, Annex 1.

Research into the BiH gender wage gap was carried out for the first time in 2006, based on the data of the employment offices and the Living in BiH Survey from 2004, Cycle 4.⁶⁰ This research shows that the gender wage gap in BiH significantly exceeds the European average. In the non-industrial production sector, the gender wage gap is 42%, the lowest being among front office clerks (8%).

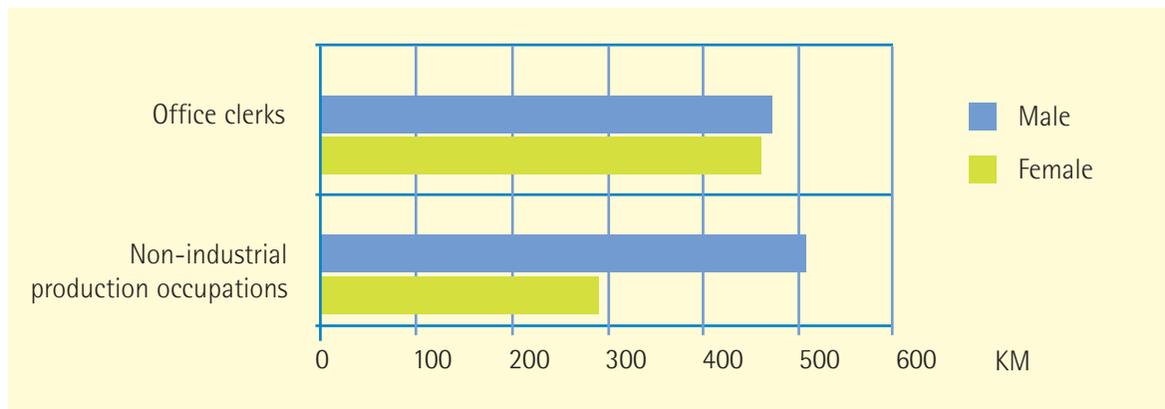
⁵⁷ BHAS, *Gender Bulletin TB03*, 2005.

⁵⁸ World Bank, 2003, IBHI/World Bank 2003, NHDR-2003.

⁵⁹ *Just Pay* 2001, EU 2005.

⁶⁰ Gender Equality Agency of BiH and Human Development Initiative (IHR) - supported by UNDP, *Gender Pay Gap in BiH*, to be completed in October 2006.

Figure 2.
Average Net Wage in BiH in 2004, by Sex and Occupation



Source: *Gender Wage Gap in BiH, 2006*.

c) Harmonization of Family and Working Life

The issue of harmonizing work and family life has not even been an issue for discussion within BiH society. A set of measures are needed to support employers in identifying and organizing work so that it does not affect the family life of their workers. Such harmonization would assist women who carry the burden of domestic duties (cleaning, caring for the elderly, education of children, family contacts), thus ensuring better inclusion in employment activities and training.⁶¹ The results of the NHDR-2007 research proved this argument: 50% of women feel burdened by domestic duties (compared to 24% men); 86% of women feel it is only their obligation to clean and maintain the house (19% men); cook (83% of women compared to 18% of men); take care of their children (41% to 12%); and help children with homework (33% to 13%). The research showed that the participation of women in domestic duties leads to less free time for women - 52% of women said that they participate a lot less in social activities than men the same age (compared to 36% men). The employment of a larger number of women would lead to their economic independence, more security and increase the family income.

One important measure which would favour work-family harmonization and provide for greater participation of fathers in family life is paternity leave for either of the parents when a child is born.⁶² The labour legislation in both Entities grants six months of parental leave, and the following six months can be financed from the cantonal budgets (FBiH) or municipal budgets (RS). When it comes to implementation of this provision, however, there are differences for families with newborns between the Entities, and between different cantons in FBiH (maternity leave is only paid in two of the ten cantons). Women are also encouraged by a promotion or threatened job-loss to end their maternity leave as soon as possible. Women whose employment is not legally registered are completely deprived of any rights and protection of income during their maternity leave, and for them pregnancy often means job loss.

⁶¹ GEEP, *Gender Barometer*, 2004 and NHDR-2007 research.

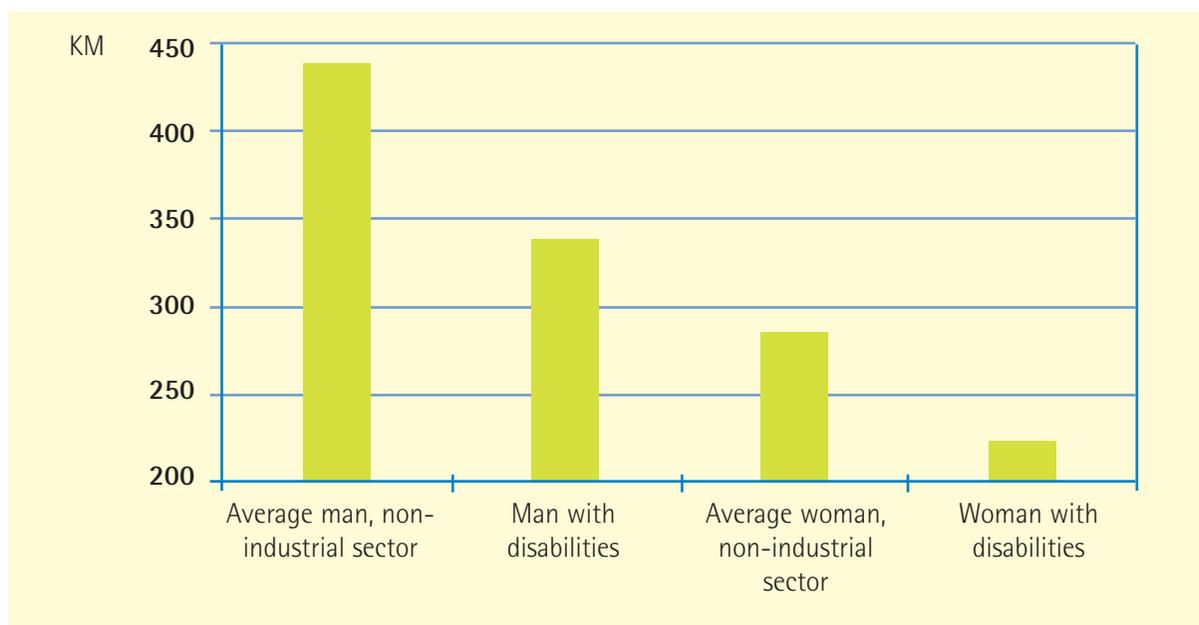
⁶² *Labour Code*, FBiH, RS.

d) Multi-dimensional Exclusion and Economic Vulnerability

As our earlier discussion indicated, exclusion is rarely confined to one dimension - those most excluded often suffer in many areas. Indeed, economic insecurity is the dimension most often linked to other factors.

Our gender wage data highlights a key example of this - the exclusion of people with disabilities, especially disabled women. In addition to having difficulty finding employment due to their disability, they have the additional threat of gender-based exclusion. In addition to the disparity in incomes between men and women, there is also wage discrimination within other categories. For example, an average man without a disability, with a secondary education, employed in the non-industrial production sector, will get (on average) a monthly wage of KM 437. A disabled man with the same qualifications, in the same position, earns KM 98 less, and a disabled woman KM 213 less. This is a very powerful finding. A similar example could be taken from Roma survey data, comparing Roma women/men with majority women/men.

Figure 3.
Multi-dimensional Social Exclusion of the Economically Vulnerable Population



Source: *Gender Wage Gap in BiH, 2006.*

The above diagram compares the salaries of employed men and women, and those with disabilities. It clearly shows the situation that occurs when two factors of social exclusion coincide. In the case of gender difference and disability, a woman with disabilities is in the worst situation. This example of multi-dimensional social exclusion underlines the many challenges and causations at work. Moreover, when combined with our discussion of the ethnic generators of social exclusion in the various territories of BiH, it gives rise to a toxic cocktail of circumstance and politically-driven causes and drivers. In short, a man/woman with disabilities on territory where he/she is not in the ethnic majority is potentially in the worst possible position.

4. Finding Ways Forward

Building economic inclusion in BiH is a big challenge and requires a two-part approach. Foremost, and as articulated in the MTDS, BiH needs to accelerate its growth performance and build a more vibrant economy. This provides the potential and motivating force for change. We address this issue first of all. Equally, however, a series of policies are needed to insure distributional equity, to channel the fruits of better performance to the vulnerable and the marginalized. This is what is argued for strongly in the MTDS Revision. We will then propose a series of useful policy repeses.

a) Accelerated Economic Development

The approach of the international institutions, primarily those dealing in finances, to the development of BiH economy has thus far been predicated on satiability and growth promotion. In turn, this was based on the introduction of restrictive economic policies which attempted to limit budget spending without setting priorities first, suffocating inflation and providing funds to pay off the international loans. This is very much an agenda based on orthodox and standard economic policies. As a result, the need to build a dynamic economy has tended to be neglected. The fact that domestic production was exposed to international competition; the impossibility of having an active, development-focused monetary policy by putting political over economic reforms; preventing the state and the Entities from supporting the development of industrial sectors through the use of development funds, have actually led to stabilization of the BiH economic system. Yet at the same time this has left some economic sectors and industrial concerns to falter, and others uncompetitive and unattractive to investors.

Having policies exclusively based on the stabilization of macroeconomic aggregates while effectively setting aside development issues has also had a distinct impact on exclusion, in the short run at least; it deepens the transitional effect on the economy, undermining value-added and employment. The debate over these issues remains. For example, is this kind of adjustment more beneficial in the long run? In BiH the jury is still out. We argue that the choice between a stable economy on a level inadequate to cover the needs, and an economy of fast development is a false dilemma. Only an active development policy, even if some advantages of stability have to be sacrificed, can provide the economic survival of BiH and initiate processes leading to self-sustainability and full economic inclusion.⁶³

Ongoing poverty reduction requires economic growth focused on the poor. In this sense, the government has two main duties: firstly to support growth through maintaining macroeconomic stability in order to provide a high level of competitiveness and promotion of investments; and secondly to ensure that the better economic results affect the poor through better job opportunities and more efficient budget distribution and management. In practice this means:

- Successful inflation control through an adequate monetary and fiscal policy, avoiding a regime which is too restrictive and inflexible plus unfavourable to entrepreneurship and investment;
- Economic insecurity reduction measures, stimulation and increase in savings;
- A regulatory environment where businesses can be successful and where individual rights of the population are observed;
- Removal of distortions that hinder large-scale industries;
- Provision of budget distribution to ensure the best use of labour;
- Ensuring public provisioning (the budget) is maintained and properly targeted.

⁶³ For further information see: UNDP BiH: "Millennium Development Goals Report for BiH-2015", Sarajevo, 2003.

These would create the general preconditions to provide enhanced social inclusion and move the society closer to the 'development-as-freedom' concept, central to modern human development thinking. Indeed, at the core we argue that development is the ability to make choices that ensure life is worth living and that this must be pursued where basic human attributes - being healthy, being educated, having sufficient material wealth and being able to articulate a political voice - are lacking. To secure this, a more developmental stance is required within economic policy making, both to accelerate growth and to achieve more balanced outcomes. But again, we recognize the importance of stability and the security of the economic environment.

5. Policies to Achieve Inclusion

In this second section we focus on specific policies to address economic exclusion in the short to medium term. These target vulnerability and seek to achieve a more equitable distribution of rising economic output. At the heart of this are measures to improve the main driving force of inclusion - participation in employment and commerce.

a) Active Labour Market Policies

The increase in unemployment has a transitional characteristic: economic reforms (especially privatisation and restructuring) are still giving rise to job losses. Equally problematic, however, are the ineffective workings of the BiH labour market, with low mobility driven by poor infrastructure, social restrictions and political/administrative barriers. Thus active measures taken to make the labour market work better could help alleviate these problems and kick-start participation. Such actions also form an integral part of achieving faster economic growth.

An integrated approach to this end goal requires a tailor-made combination of general employment policy guidelines and specific guidelines for active labour market policies. The key elements of an employment policy which targets sustainable reduction in unemployment and encourages better social inclusion would provide:

- Support to direct investments and investment-focused activation of domestic savings;
- Support to entrepreneurship and a better business start-up environment;
- Improved financial stimuli that would make labour 'pay more' and be worthwhile.

The key elements of an active labour market policy targeting sustainable reduction in unemployment and better social inclusion are:

- Assistance in job searching and long-term unemployment prevention;
- Promotion of labour and business flexibility and adaptability to change;
- Provision of support to professional and geographic mobility;
- Creation of more job opportunities and support to active aging.⁶⁴

Especially important are policies providing support in: a) active job searching and career advice; b) job creation; and c) training and retraining.

Support to active job searching is the main and, some would argue, the most important and efficient form of an active labour market policy, where the lead role is played by the employment service. The economic objective

⁶⁴ See more: *Government of Republic of Serbia, National Employment Strategy 2005-2010*, Belgrade, 2005; *Slovenia-National Action Plan on Social Inclusion (NAP/Inclusion)*, 2004-2006, Ljubljana, July, 2004; and *Hungary-National Action Plan on Social Inclusion, 2004-2006*, July, 2004.

of this service is to reduce the cost and the time needed to get information on job offers to the unemployed and the available labour to the employers, thus efficiently linking vacant positions and jobseekers. This type of active policy is implemented through a number of activities and programmes such as: evaluation of qualifications and skills; preparing job applications and candidates for interviews; career advice; preparing individual job-search plans; forming jobseekers' clubs; and preparing programmes for the most vulnerable groups. Job creation includes a wide range of measures and programmes, such as public works (direct job creation programmes), wage subsidies and self-employment programmes.

Public works are essentially a counter-cyclical poverty reduction measure, as they offer short-term, low-wage employment. Inclusion in public works programmes is often used as a test of unemployed persons' readiness to work, especially if they receive unemployment benefits or if it is suspected that they may be employed in the grey economy. Such works may be directly organized by government or the local authorities, or conceived as a cooperative partnership between governmental institutions, non-governmental organizations and private employers. These are mainly labour-intensive projects in construction, maintenance or infrastructure rehabilitation.

Subsidies for employment (wage subsidies) stimulate job creation through tax exemptions, or direct payments to employers hiring the unemployed under certain conditions, or for keeping workers on who would otherwise be laid off. In some cases these subsidies may be offered to the unemployed in the form of employment bonuses as an incentive to find new employment sooner. Self-employment programmes, targeted to engage the unemployed through private business start-ups in order to create micro and small companies, are generally based on the direct provision of credit and technical assistance, through enabling an approach to the credit market.

BOX 8: SOCIAL INCLUSION OF THE ROMA POPULATION THROUGH RECYCLING

The Roma in BiH collect paper and metal, and transport these materials in inadequate vehicles to scrap yards, getting paid in cash. No long-term effect is achieved, except for the necessary day-to-day survival. However, once BiH adopts an environment strategy and regulations on waste separation, this activity may cease to exist. One possible intervention to support the existing activity in which many Roma families are involved and to make it self-sustainable is to get the Roma involved in recycling.

The following measures could be implemented which would create a sustainable business for some members of the Roma community in cooperation with local communities and waste management companies:

Waste containers for the separation of waste could be positioned in communities and major local manufacturers' premises. Roma seeking work would collect the containers on a regular basis, taking them to certain collection points, in cooperation with local waste management companies (some waste management companies are already involved in recycling), and deliver the separated waste to a scrap yard from where it would be sold to recycling companies. For this concept to become reality, the involvement of local communities is necessary, along with regulations on waste separation and a strategy-based approach on the inclusion of Roma communities in society. The business opportunity would be complemented with extensive training for the Roma. Although this concept does not resolve the social exclusion of the Roma in general, it represents one segment of potential involvement for the Roma into legal and stable business activities, and secures the long-term involvement of the Roma's involvement in this industry. This model could be replicated in other types of industries which do not require highly skilled labour. It also can be used for targeting other excluded groups. Addressing social exclusion requires cooperation among all actors which includes the private sector, public sector and civil society.

Box submitted by UNDP's Growing Sustainable Business Project.

Education and re-training is an active labour market policy, the main objective being to increase employment or productivity of the unemployed through creating training schemes in line with employers' needs. This training may be organized for individuals or in groups, in formal classrooms or in company premises (work-place training). Target groups are usually the young, long-term unemployed or laid-off workers with inappropriate knowledge and skills.

b) Long-term Unemployment Prevention

Long-term unemployment is one of the leading problems of the labour market in BiH. According to the labour force survey, more than three-quarters of the unemployed have been job-searching for over two years.

Re-integration of the long-term unemployed into the job market is a complex task - their knowledge and skills are becoming obsolete and they are losing their work habit. Exclusion from the job market leads to psychological problems and aggravation of the socio-economic position of the long-term unemployed. Long-term unemployment particularly affects individuals at greater risk of social exclusion: those without qualifications; the older population (over 50's); persons with problems in social adaptation; and certain ethnic groups, especially the Roma.

One measure which plays a very important role is targeted active job search. In order to prevent long-term unemployment and help the unemployed integrate into society before they enter long-term unemployment, the employment agencies must develop individualized employment plans for all applicants with a certain timeframe (e.g. six months) as their objective. Such individualized plans would include active job searching, aiming at full utilization of the unemployed person's potential, and offer training in additional skills and qualifications necessary for swift reintegration into the job market.

The activities to prevent long-term unemployment include providing some form of professional training, or work experience. These aim to offer those unemployed who are at greatest risk of becoming long-term unemployed adequate work experience, work habits and practical skills, thus enhancing their employment chances.

c) Employment Policies for People with Disabilities

Unemployment is a very prominent issue among people with disabilities. From the point of view of social inclusion, the recommended measures to support activation and employment include:

- Motivation of employers to hire people with disabilities;
- Cooperation between employers and employment services towards identifying those jobs that can be done by people with disabilities, as well as the modification of work-places and creation of adequate conditions;
- Establishment of a quota for employing people with disabilities, and monitoring and enforcing this regulation (one alternative would be to pay a certain amount to the Disabled Persons Employment Fund);
- Improvements in accessibility for people with disabilities;
- Improvements in the development of knowledge and skills of people with disabilities through various training programmes;
- Provision of support to include people with disabilities in adult training programmes which are in line with their individual abilities.⁶⁵

⁶⁵ See: Government of the Republic of Croatia, *National Strategy of Unique Policy for the Disabled 2003-2006*, Zagreb, January, 2003

d) Policies for the Employment of Roma and Other Vulnerable Groups

The policies for Roma employment in the context of social inclusion should comprise the following measures:

- Inclusion of young unemployed Roma in primary and vocational schools (gaining an education to open up greater employment prospects);
- Inclusion of adult Roma in programmes for subsidised jobs;
- Creation of public works programme (for help in learning) to reduce the school drop-out ratio;
- Empowerment of Roma advisers in employment bureaux or municipalities with large Roma populations;
- Cooperation with private companies on Roma employment.

For other vulnerable groups - the homeless, victims of abuse, persons with mental health problems, drug addicts, etc. - economic activities in a protected or adapted working environment (part-time, job-share, flexible working hours etc) are needed to improve their economic situation.⁶⁶

BOX 9: SOCIAL INCLUSION THROUGH SUSTAINABLE RETURN PROGRAMMES

Efforts to reduce social exclusion in BiH have been tackled by UNDP's SUTRA programme. Addressing basic needs through assisting fulfillment of one of the basic rights guaranteed by the Dayton Agreement - the right to return and reintegrate - while making sure the domestic authorities take over the responsibilities for the process from international organizations, SUTRA started initiatives to improve the living standards not only of returnees but the domiciled population which is often omitted due to the lack of resources. Working with the central level, primarily the BiH Ministry for Human Rights and Refugees (MHRR), and municipalities at the local level within the Local Action Groups (LAG) established for SUTRA implementation, a solid basis for initiatives of a larger scale was created which will affect both the living standards and participation in society as a whole. Implementation of SUTRA at local level, particularly through equal involvement of different sectors of society (local authorities, civil society organizations and business organizations) represented in the LAGs is an example of a project which takes into account elements of social inclusion.

The issue of collective housing was successfully tackled within SUTRA with local cooperation. The first success was in Vareš municipality where funds were pooled from different levels of government for the reconstruction of a multi-unit residential building. This reconstruction will also satisfy elements of social housing as some of the eligible apartments will be used to house the socially vulnerable.

Social housing is another issue that links the work of SUTRA with the authorities at central level. One of the main SUTRA partners, BiH MHRR, has been mandated to set out and coordinate policy in the field of social housing. The first steps towards solving the social housing issue will be to provide assistance to the Ministry by establishing criteria for the reconstruction of residential buildings. These will build upon experience in implementation of the three phases of SUTRA and lead to solving the problem of residential building apartment owners hitherto neglected due to the lack of funds.

UNDP with SUTRA recently started an initiative for rural development. This initiative will create a BiH network for rural development as a member of PREPARE (Pre-accession Partnership for Rural Europe). The BiH network should be a meeting point for people from public, private and non-governmental sectors to build momentum for the implementation of rural development project ideas which would improve the quality of life in rural areas. Rural development will provide employment and thus encourage the reintegration of returnees, plus contribute to overall poverty reduction.

Box submitted by the UNDP SUTRA team.

⁶⁶ For further information see: *Slovenia-National Action Plan for Social Exclusion (NAP/Inclusion) 2004-2006*, Ljubljana, July, 2004.

BOX 10: AREA-BASED DEVELOPMENT FOR PROMOTING SOCIAL INCLUSION

In its fight against poverty, UNDP is also adopting area-based approaches where efforts are concentrated into one specific area to bring improvement to the lives of vulnerable families. With this type of approach, UNDP is best able to respond to the specific needs of each area, instead of bringing a standardized response which may not correspond to the needs of the region.

Our programme in Srebrenica is one such area-based development project. It has adopted an integrated approach to address poverty and social exclusion. The programme is divided into three components: local governance, economic development and infrastructure. Economic development and infrastructure are the main fields of intervention, with particular emphasis on building strong local institutions and structures that will take over the development process in the future.

In its strategy for economic development, the Srebrenica Regional Recovery Programme (SRRP) identified agriculture as a livelihood strategy because of its importance in boosting the rural economy and addressing unemployment. Besides marginal production and small trading activities, the main sectors of economic activities in the region - forestry, wood-processing and mining - cannot provide a sufficient number of jobs to reduce the high levels of unemployment. As such, agriculture can provide an employment substitute specifically for those vulnerable populations located in rural areas, which include large segments of returnees. Agriculture is also the cheapest means for employment creation, a further argument towards strengthening this sector.

As a first step, UNDP looked at the opportunities in the region and conducted a detailed analysis of the various sub-sectors such as dairy, sheep and berry cultivation, examining the intrinsic problems for each sub-sector from the farm to the market. It also made financial projections to determine investment viability. Potential was identified in the dairy and sheep sub-sectors but to complete the preparation process, we had to find an innovative approach that would balance economically viable investments and social inclusion.

The concept of the dairy project has been to establish ten 'demonstration farms' and around each one a network of smaller farmers who will benefit from the demonstration farm production to access the market more easily. The second justification for such an approach was to re-establish social cohesion in displaced communities. There are many examples where groups of farmers are now working together. In the local community of Voljavica farmers organized themselves at the start of the project to help the poorest in their groups to re-build their barns. Today you can see farmers helping each other during the harvesting period and by doing so reducing operating costs. Communities are creating wealth faster when they work and share assets together.

This example demonstrates the benefits of an area-based approach like the Srebrenica Regional Recovery Programme where UNDP can help bring economic and social benefits in an integrated manner, best responding to the specific needs of local communities, thereby promoting inclusion.

Box submitted by the UNDP SRRP team.

e) Social Solidarity

The EU approach to employment strategies relies on the participation of all players in the job market. Its goal is not only industrial and social harmony but the social inclusion of the unemployed. Solving the issue of the unemployment in BiH and strengthening social inclusion requires a social compact between the trade unions, employers and governments, based on social partnership.

Such a social compact should lead to shared values and objectives of the social partners which include:

- A modern, socially responsible market economy;
- Growth of employment and a more participatory job market;
- Acceptance of the universal right of access to decent work and wages, with equal opportunity and without discrimination, for all the working age population;
- Struggle against all forms of poverty and social exclusion;
- Acceptance of social dialogue among the trade unions, employers' associations and government institutions, as one of the key elements of harmonization and regulation of industrial relations in a modern democratic society.

The goal of the social compact is to offer a solid framework for consultation on economic policy and in turn better cooperation between leading actors. This provides for a dialogue to seek agreement over difficult issues and reforms such as: control over inflation; the deficit and public debt; development of new job opportunities and competitiveness; training in new skills and knowledge; social inclusion of marginalized groups and individuals; and provision of a higher level and better quality of social protection - without harming competitiveness.

f) Sound, Effective Unemployment Insurance and Social Welfare

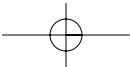
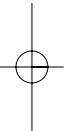
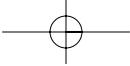
For those unable to participate and those temporarily out of work a sound system of safety nets and benefits needs to be in place. This is a major issue in its own right and we return to it in a separate chapter. However, we underscore its importance here for securing basic, if not full, economic inclusion. There are also issues to be addressed regarding motivation and job seeking but the provision of assistance, and hence the reduction in co-variant risk, can actually be a major stimulus to employment and entrepreneurship. Safety nets facilitate and promote risk-taking and ease the search for opportunities.

6. Summary and Conclusion

We have strongly underlined the necessity for more pro-poor accented economic development in BiH. Due to the size of the social exclusion problem, and the fact that an understanding of social exclusion goes significantly wider than poverty, we believe BiH policymakers should adopt a broader goal of inclusive economic development.

The concept of inclusive economic development has its basis in human development and socio-economic rights. In the economic context, this would require sustained economic growth matched with policies of structural changes in industry, together with reforms in education, health and social welfare which strengthen social inclusion. Particularly necessary, in terms of the labour market, is the need to activate the current high number of inactive or discouraged people and to decrease short and long-term unemployment. We believe the current policy framework remains too targeted on stability at the expense of expansion and, moreover, tends to neglect growing inequities.

We have also set out a suite of policies to secure greater inclusion in the short and medium term. These are centred on making the labour market work better. The key set of instruments is the use of active labour market measures to build participation of the poor and vulnerable in employment and business activities. In closing, we also suggest that the HSEI, which has been developed in this report (or a further defined one), could be one of the indicators used to measure the progress of inclusive economic development in BiH.



National Human
Development Report

2007

Social Inclusion
in Bosnia and Herzegovina

CHAPTER 6:

EDUCATION AND LIFE-LONG LEARNING

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This chapter addresses the role of education in promoting social inclusion in BiH. We emphasize that we are addressing this issue in the widest sense, viewing education as encompassing life-long learning, alongside addressing the particular challenges faced by young people.

The chapter begins by setting out the connections between poor educational attainment and exclusion and the vital function which learning plays in bringing about social inclusion. The second, and most substantive section, addresses the BiH context. Here, we examine the system from top to bottom, tracing its weaknesses and the opportunities for change. Thirdly, we set out a policy agenda for change, offering a commentary on the way forward and concluding with specific recommendations.

1. Social Exclusion and Education

Reports by international organizations as well as numerous research studies dealing with issues of equality of participation in education reflect general agreement that a good quality education is the best tool to prevent inequality and poverty, and the most efficient way to escape poverty and social exclusion. Reports by the Council of Europe and UNESCO underline this point in particular.⁶⁷ These documents also emphasize the role of education in the personal and social development of mankind.⁶⁸ Edgar Morin, author of a 2001 UNESCO report, states: "Democracy, equality, social justice, peace and harmony with our natural environment have to be a motto for building the world".⁶⁹

The MDG for education calls for universal primary education for all. While in BiH near-universal primary education (ages 6-15)⁷⁰ has been achieved, the share of non-enrolled children has increased and now reached an estimated of 4% of the total.⁷¹ Children with special needs have particular problems receiving appropriate schooling. Disparities exist between children from poor and more affluent households. About 43% of children from poor households (compared to 23% of children from more affluent households) fail to proceed to secondary level.⁷² There is a high degree of correlation between qualifications and employment.⁷³ But children of impoverished and uneducated parents stand less chance of developing the language, social skills and learning habits, crucial to academic success.

Leaving school early, poor educational results, and (or) poor education lead an individual towards social insecurity, unemployment, poverty and frequently social exclusion. A list of high risk indicators leading to social exclusion, based on common denominators in most European countries, also applies to transition countries. Some of these indicators are more pronounced in BiH, a transition country affected by several years of wartime devastation, reflecting a still more complex picture of poverty and social exclusion.

⁶⁷ *White paper on Education and Training: Teaching and Learning - Towards the Learning Society* (1995) and the report by UNESCO commission under chairmanship of Delors: *The Treasure Within* (1996)

⁶⁸ Commission of the European Communities, *White paper on Education and Training: Teaching and Learning - Towards the Learning Society*, Luxemburg, 1995 and Delors, Jacques (ed.): *The Treasure Within, Report to UNESCO of the International Commission on Education for the Twenty-first Century*, Paris, UNESCO, 1996.

⁶⁹ Morin, E., *Seven Complex Lessons in Education for the Future*, Paris, UNESCO, 2001.

⁷⁰ In BiH, primary education takes nine years, which is mandatory education, and secondary education takes four years, which could be either general or vocational education.

⁷¹ UNDP (2004), *MDG Update Report for Bosnia and Herzegovina*, PRSP, Europe and Beyond, UNDP BiH.

⁷² *Ibid.*

⁷³ This relationship is further explored in the forthcoming *Early Warning System Special Report on Education in BiH*.

As we have seen, the EU's Laeken Indicators⁷⁴ define four important dimensions of social inclusion - financial poverty, employment, healthcare and education - and underline the need to focus on children and elderly persons with indicators of poverty and social exclusion, while noting that poverty and social exclusion are not based on a single risk factor. However, of all factors which increase the risk of poverty, the level of education is the single most significant⁷⁵, while poor education, unemployment and poverty mutually reinforce the effect of each factor on another.

At present income rates, people with only a primary education experience financial hardship. People with tertiary education are twice as likely to live comfortable lives.⁷⁶ At the same time, a higher percentage of respondents with secondary (86%) and tertiary (83%) education state that they have "a friend to whom they can talk about intimate and private business" compared to a smaller share (73%) of respondents who have only a primary education.⁷⁷

Table 8.
Income and Satisfaction with Living Conditions According to Educational Level

	With primary education or without any	Secondary education	Tertiary education
Satisfactory living on the present income	10.6%	11.5%	20.5%
We manage on the present income	30.9%	43.5%	47.5%
It is difficult to live on the present income	28.5%	23.2%	11.3%
It is very difficult to live on the present income	31.4%	20.5%	18.4%
No response	2.0%	1.3%	2.3%
Total	100.0	100.0	100.0

The household situation regarding income and earnings, when put against the level of education achieved (primary, secondary and tertiary), depicts a clear correlation between a pleasant living standard on current incomes and the level of education. Hardship of living on current incomes is inversely proportional to the level of education achieved. The rate of people likely to become unemployed in the near future is rather high in BiH. Interviewees with a primary education (around 70%) were more frequently unemployed than those with a tertiary education (49%).

In sum, it is clear that a weak educational background, in BiH as elsewhere, is closely correlated with exclusion. And conversely, education is a primary means of social ascent. Further, as our data suggest, it is at the secondary level that the balance is tipped between succeeding in employment and earnings. This suggests very strongly

⁷⁴ Eurostat, *The Transition between ECHP and EU-SILC*, Appendix VIII, p. 58.

⁷⁵ World Bank, *Bosnia and Herzegovina: Poverty Assessment*, Report No. 1r.25343-BiH p. 46.

⁷⁶ Research by PRISM, p. 21.

⁷⁷ Ibid. p. 8.

where the focus within mainstream provision ought to rest. It is worth recognizing also that life-long learning, and especially adult educational provision, has a strong contribution to make in re-including those who have already graduated from the formal school system.

2. Education in Today's BiH

In this section we review the current educational system and provide a comprehensive review beginning at the strategic level, in which we examine the current framework and key exclusion issues. We then consider each level of the system. This is followed by a review of life-long learning topics, including adult provision, youth policy issues and gender.

a) Strategic Level

Since the end of the war in 1996 the education system in BiH has experienced upheavals, changes and attempts at reform. However, such attempts have neither been fully realized nor yielded any significant changes conducive to building a modern system based on European principles.⁷⁸ Administrative fragmentation and national politicization constitute major obstacles to the process of faster reforms.

BiH has not established a state-level ministry of education - the Ministry for Civil Affairs is in charge of education at national or state-level. Thus far policymakers in education in their decentralized units⁷⁹ have dealt rather more with issues of ethnic representation of students, representation of national interest content and division of students based on ethnic, linguistic, religious and other forms of affiliation, rather than attempting to meet the requirements of the democratic world stated in international documents⁸⁰ (UNESCO, UN, EU) against segregation, racism and intolerance. This approach to education has inevitably led to the marginalization, segregation and social exclusion of some segments of the population.

Almost all significant changes in the BiH education system have been initiated by international organizations within their regular scope of activities. Particularly important among these was an OSCE initiative leading to the adoption of the Education Reform Document which formulated a strategy for changes in this area until 2010, summarized in five key pledges.⁸¹ This document was signed by the Entity-level Ministers of Education.

The document proposes the following:

- Accessibility of education to every child and elimination of all forms of discrimination;
- Modernization and quality improvement in pre-school, primary and general secondary education;
- Modernization and quality improvement in vocational education;
- Modernization and quality improvement in higher education;
- Financing and education administration as well as relevant comprehensive legislation.

⁷⁸ The European Commission Report ECRI against racism and intolerance states that students in BiH are segregated; schools are mostly of one ethnicity with ethnic-based curricula, which impedes the intensive return of displaced persons or degrades and isolates them socially. (For more see: www.coe.int/T/e/human_rights/ecri/4-Publications)

⁷⁹ Under the Dayton Agreement, BiH is divided into two Entities and Brčko District which led to the establishment of a disintegrated and astigmatic education system. The RS has retained a centralistic model of governance, while competencies for education in FBiH are divided between ten cantons. Education is, as a rule, subject to the interests of the majority ethnic group in individual Entities or cantons which inevitably leads to deprivation and marginalization of the minority population on all grounds. Brčko District is developing its own model of multi-cultural education.

⁸⁰ UNESCO, *The Dakar Framework for Action: Education For All*, Paris, 2000; UNESCO, *Education For All: The Quality Imperative*, 2005; UNESCO, *Education in Multilingual World*, Paris, 2003.

⁸¹ OSCE BiH, *Reform of Education: Message to the Citizens of BiH*, Nov. 2002. (www.oscebih.org)

Three years since the adoption of this document there has been no significant change in the democratization of the education system. There are still instances of students being segregated on various grounds, lack of attention to students who are not attending compulsory classes and are in danger of dropping out of school altogether, and little attention paid to inclusion and individualization in education. At present, the education system does not meet the standards set in the UN Convention on the Rights of the Child. All this has exerted an adverse effect on returnees, discouraging them from attending local schools and increasing the risk of social exclusion.

The General Framework Law on Primary and General Secondary Education, passed in June 2003, was accepted in RS and most of the Federation cantons. However, two of the cantons (Canton Eight and Canton Ten) still reject the full implementation of this Law, which envisages a common core curriculum, syllabus, and the right of teachers and students to use their own mother tongue. A common core curriculum is aimed at promoting school attendance by all children, irrespective of their ethnic origin, while preserving their respective cultural identities. This is in contrast to the vision of some cantonal authorities who would prefer a single-ethnicity, culturally-isolated school, even if located in a mixed community.

A specific case of the promotion of social exclusion in the BiH school system is the practice of running 'two schools under one roof' where school facilities are used by students and teachers of two different ethnic groups with separated administration services and different curricula.⁸² In such schools students are brought up in ethnic isolation adopting the 'we' and 'they' approach. This clearly reinforces prejudices and intolerance towards others and highlights perceived differences. This system could clearly be a factor in declining primary school enrolments. The end result is that while the educational level of the population has seen a moderate increase in the last decade, the situation regarding the quality of education and the inclusion of children of appropriate age by primary and secondary schools remains unsatisfactory.⁸³

Despite the fact that the overall educational levels of the population have been constantly increasing since the war, a significant percentage of the population has only had a primary education. Almost 42% of the BiH population has a low level, or no education (level 0, 1 and 2 according to the International Standard Classification of Education), representing every third man and every second woman. In EU countries, on average 37% of the population completes compulsory education which usually lasts longer than in BiH (10 years, and in a large number of countries, 12 years). Of the youth in the EU aged 18-24, just 18.8% have completed only the compulsory level of education. In BiH (age group 15-24 years), 31% have only completed primary education. Within EU and the region, only Albania and Romania have a poorer performance than BiH.

As a rule, people with a low education take up low-paid jobs, are often without work, and frequently constitute a group of poor and socially excluded. Even though the risk of those with the lowest education level, or without a primary education, sinking into poverty in BiH appeared to be declining from 2001-2004, nevertheless 23.7% of population, or every fourth person, is still at risk of poverty.⁸⁴

In BiH, persons without an primary education or those with just a primary school diploma constitute 57% of the overall population of the poor (which constitutes 17.8 % of BiH's population), which is below the figure for the rural population and constitutes 83.8% of the poor, but is above households with children (52%);

⁸² European Commission Report *ECRI Against Racism and Intolerance*: www.coe.int/T/e/human_rights/ecri/4-Publications_kao_i_www.oscebih.org

⁸³ See EPPU BiH, *Mid-Term Development Strategy in BiH 2004-2007*, <http://www.eppu.ba/strategija-bos.html> or www.oscebih.org

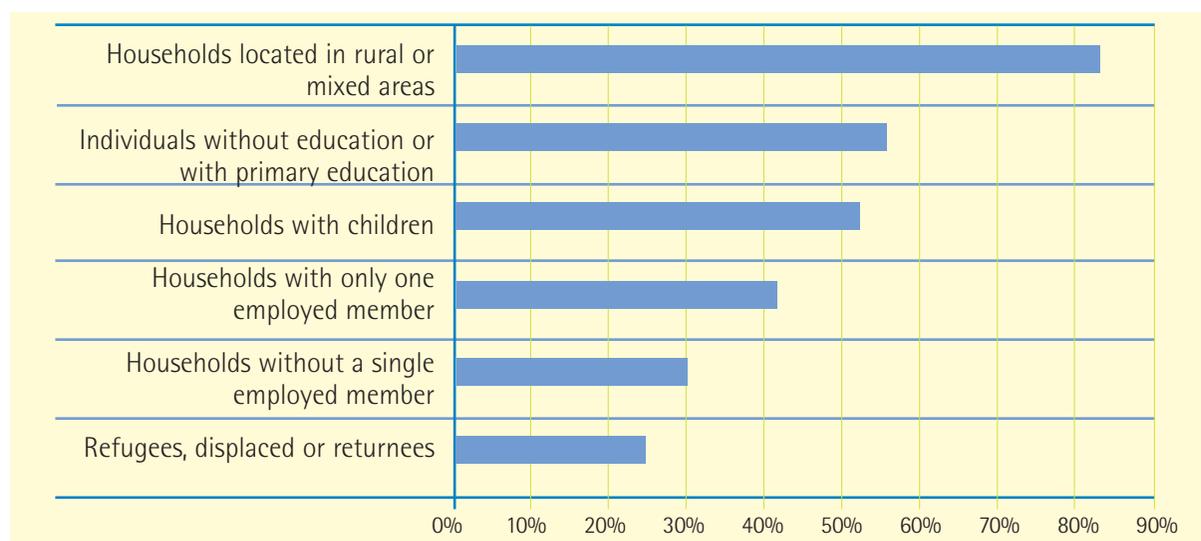
⁸⁴ *Preliminary Report on Poverty in BiH* for the period 2001-2004, Sarajevo, May 2005. p.8-9.

households with one employed family member (42%); the unemployed (17%); and returnees (10%). Less than 20% of these live in urban communities.⁸⁵

According to the data presented above, the poverty profile in 2004⁸⁶ can be set out as follows:

■ Households located in rural or mixed areas	83.8%
■ Individuals without education or with only a primary education	57.0%
■ Households with children	53.0%
■ Households with only one employed member	42.0%
■ Households without a single employed member	31.0%
■ Refugees or displaced households	26.0%

Figure 4.
Poverty Profile in BiH for 2004



The unemployed population mostly comprises people with a primary or secondary education, while those with a higher education make up less than 3% of the overall number of unemployed in BiH.⁸⁷ Youth make up 33% of the overall unemployed, while the surveyed youth population aged 15-24 years who are not currently in tertiary education or training make this figure on youth unemployment a source of even greater concern. Altogether, 45% of youth are unemployed, representing every second young person aged between 15-24 (according to the ILO definition). This figure rises to 64.6% in the 15-19 age group then goes down to 39.3% in the 20-24 age group. Of all the young unemployed persons, 90% have low qualifications (secondary school diploma, skilled and unskilled labour), whereas graduate students constitute only 2%.⁸⁸ People aged between 18-24 who are not in tertiary education or training, constitute 65% of this population.

⁸⁵ Ibid, p. 8-9.

⁸⁶ Specific groups at risk of falling below the poverty line and risk of social exclusion are analyzed in Chapter 2.

⁸⁷ BiH Council of Ministers, *Trends in Economy - EPPU, Annual Report, 2005*. p. 21

⁸⁸ OIA Textbook: *The Importance of the Need and Opportunities for Employment of Youth and Entrepreneurship in BiH*, ed. Jan Zlatan Kulenović, May 2006.

b) Mainstream Education

i) Securing the potential of pre-school education

Drastically low coverage of pre-school education (around 6%)⁸⁹ has placed BiH at the bottom of the scale of European countries in this sector. This can be contrasted to the situation in France and Belgium, where 90% of three-year-olds attend pre-schools, and 100% of five-year-olds, even though attendance is not compulsory. In BiH, an undeveloped network of such institutions, a rigid system, an unwillingness to develop various models for children of pre-school age, along with high fees for enrolling children in such institutions, all reinforce the barriers to pre-school education. This is despite the fact that research studies repeatedly confirm that pre-school education is the best and most efficient way of compensating for being brought up in deprived family conditions. At the end of 2003 there were approximately 200 pre-school institutions in the whole of BiH - 123 in FBiH and 80 in RS, with a total of 10,400 children and approximately 2,500 employees. In urban areas coverage was 12%-14%, while in some rural areas coverage was non-existent due to the total lack of a pre-school network.⁹⁰ Unsurprisingly, this education level encompasses few children from poor and excluded families.

ii) Primary education and social exclusion

By the end of 2003/2004 there were approximately 355,000 students attending 1,830 schools in BiH. In terms of gender representation, there were more boys (51.4%) than girls (48.6%)⁹¹. Between 4%-6% of the overall number of school age children of school do not enrol in school. The overall primary school enrolment rate in 2003/2004 was 95.9%, with slightly more girls (96.3%).

Two years ago BiH primary education was changed to a nine-year school period, so children now start school one year earlier, at six years of age - i.e. on attaining the age of five by April of the current school year. The reform of primary education encompasses social objectives, including an attempt to compensate for the under-development of the pre-school system. However, the reform has in effect brought children aged one year younger than previously into a school system which has not been reformed sufficiently to cope with their needs. There are some indications that the largest percentage of repeaters is in the first grade of primary school⁹². As the first year of school is a crucial period when children form their attitudes towards school, learning, achievement and generally establish their self-confidence, the impact of this partial reform on young learners needs to be reviewed.

Children who do not attend school come mainly from poor families. It appears that one in four children in the poorest stratum do not attend school at all, despite the fact that primary school is compulsory for all children in BiH. This leads to the conclusion that 25% of the poorest children are at risk of perpetuating his/her family poverty.

It is estimated that in BiH almost 15% of primary school students live more than 3 km away from school, while over 50% of secondary school students are located more than 3 km away. Where pupils have to walk more than 3 km to school, mostly in rural areas, parents often keep their children at home, particularly girls over 11 years. Parents are rarely subjected to sanctions for their decision not to enrol a child into primary school or to take them out of school after Year Four. If sanctions are imposed, they are merely symbolic. The problem of including all children in primary school education is further aggravated by lowering the school age for the nine-year

⁸⁹ See: Committee for the Rights of the Child, *Complementary Reports by NGO organisations on the Rights of the Child in Bosnia and Herzegovina*, August 2004.

⁹⁰ BHAS, *Report on Education Statistics*, No.1, Sarajevo 14.01.2006.

⁹¹ BHAS, *Report on Education Statistics*, No.1, Sarajevo 14.01.2006.

⁹² RSIS, *Education Statistics: Primary Education, End of 2003/2004 and Beginning of 2004/2005*, No. 5, Banja Luka, 2005. p.10

school period.⁹³ Parents from rural and mountainous areas are increasingly letting children stay away from school if adequate transport is not provided.

With regard to children with special needs, most European countries have met the requirement to ensure that they have the same school opportunities as other children and have taken care of the necessary organization and installed appropriate facilities. Even though the process of inclusion in education was initiated several years ago in BiH and followed by the adoption of adequate legislation, implementation has been proceeding extremely slowly. During the school year 2003-2004 less than 1% of children with special needs were included in the regular school system. School facilities generally are not adjusted to working with children with special needs. In addition, there is a general lack of understanding about the need to include such children in the regular school system and a resistance to letting these children leave special schools. A statement by the Advisor at the Sarajevo Cantonal Ministry of Education reflects this attitude: "There are four schools for children with special needs. These schools are the most appropriate for the education of such children since they are equipped with specialist teachers and facilities."⁹⁴

When it comes to minorities, less than 10% of Roma children⁹⁵ attend primary school and their attendance at school is frequently marked by various forms of hostility and even racial abuse. Thus, they do not stay in school any longer than necessary, acquiring just the basic elements of literacy (on average they complete three grades). Roma children and youth in BiH suffer from the consequences of inherited discrimination which has contributed to widespread poverty, unemployment, inadequate housing conditions and poor access to education.

Some children, mainly returnees living near the boundary between the two Entities, frequently choose a school further away which follows a national curriculum considered by their parents to be more suitable for them than that of the local school which is not willing to observe the cultural needs of minority populations. This practice can be found with children of different ethnicities in BiH, such as for example, in Bosanski Petrovac (FBiH) and Petrovac (RS), Zvornik (RS) and Osmaka (RS), towards the Tuzla Canton (Kalesija and Sapna), Ravno (FBiH), towards Trebinje (RS), but in some cases along the international border as well: Velika Kladuša (Una-Sana Canton) in the direction of Cetingrad (Croatia), between municipalities (Žepče and Vareš towards the Zenica-Doboj Canton).⁹⁶

The EC report on racism and intolerance for BiH confirms the situation: "There are children from minority returnees' families who have to travel far in order to acquire an education acceptable for them in terms of curricula, language and religious classes."⁹⁷ It appears that the problem of registration in local areas will remain unresolved until resolution of the school curriculum issue.

Around 1% of children leave primary school prior to completion, while 0.5% repeats one class during primary education. According to statistical data in RS⁹⁸ (there are no similar official statistics in FBiH) three times fewer girls than boys repeat one of the primary school classes.

⁹³ See: www.ocsebih.org

⁹⁴ Lemo, S., "Classes attended by 400 children with special needs", In, *Nezavisne novine*, Sarajevo, 04.11.2005.

⁹⁵ See: www.soros.org.ba/romi.htm and www.ocsebih.org/education/bos/minorities.asp?d=2-22k

⁹⁶ For more see: Committee for Coordination on Implementation of the Interim Agreement on Meeting of Special Needs and Rights of Children-Returnees, *Report on the Implementation of Interim Agreement on Meeting of Special Needs and Rights of Children-Returnees*, 23 March 2005.

⁹⁷ European Commission *Report ECRI against Racism and Intolerance* see: www.coe.int/T/e/human_rights/ecri/4-Publications

⁹⁸ RSIS, *Education Statistics, Primary Education, End of 2003/2004 and Beginning of 2004/2005*, No.5, Banja Luka, 2005. p. 10

iii) The importance of secondary education for greater inclusion

NHDR-2007 research shows that children and youth can be at risk of poverty if they do not continue with education after primary school or if they end their education before completing primary school (57% in the poor category). Other risk factors include whether they are returnees to certain places and regions, health difficulties, physical and/or mental challenges, and if they belong to minority groups such as the Roma.

At the end of the 2003-2004 school year there were 162,155 students in 304 secondary schools in BiH with similar participation rates for boys and girls. The rate of enrolment in secondary education of school leavers was 66%, with girls slightly in the majority. People with disabilities stand only a minimum chance of being included in secondary education. Yet every young person who leaves school prior to completion of a certain level of education drastically reduces his/her chances of getting a job. Of those who enrolled in secondary education, around 2% of students dropped out of school altogether, while 1.5% repeated classes.⁹⁹ BiH has not yet developed appropriate models to enable students who leave school early to continue with their education at some later stage.

In comparison with other European countries, the percentage of students completing primary school and continuing on to attend secondary schools in BiH is unsatisfactory. Two years ago, the World Bank found that only 73% of the population aged 16 -18 years attends secondary school, while due to repetition and drop-out rates only 57% of the overall number of students who completed primary school in one generation went on to complete secondary education. In Slovenia, 89% attend secondary school, while the EU average for secondary school education is over 93%. In some European countries secondary education is an integral part of compulsory education.

A common feature of secondary schools in Europe is that general education is on the rise rather than vocational education. Thus more than 50% of youth attend general education secondary schools instead of vocational schools. In contrast, in BiH the ratio between vocational and general schools is 80:20¹⁰⁰, with a strict division into male and female professions. Statistics indicate that people with vocational secondary school diplomas find it more difficult to find employment than those with a general secondary education and, as a rule, are paid less.

The relevance of the school curriculum to working life is questionable given that the professions for which young people are being trained in secondary schools are often not adjusted to labour market demands: curricula are outdated, old-fashioned equipment is being used and old teaching methods applied. All this reduces the chances of secondary education becoming the means of preventing social exclusion.

iv) Higher education

Higher education is a route to employment and social inclusion. At the end of the 2003-2004 school year there were 105 higher education institutions in BiH of which eight are universities, six in FBiH and two in RS. In the 105 higher education institutions there were altogether 77,009 students with 6%-8% more female than male.¹⁰¹ Less than 25% of youth is involved in higher education with an average time taken to graduate ranging from five to seven years. In the EU, over half the youth population is in higher education and 15% of the population has a higher education diploma in contrast to just 3% in BiH.¹⁰²

⁹⁹ BHAS, *Report on Education Statistics*, No. 1, Sarajevo 14.01.2006.

¹⁰⁰ EPPU BiH, *Mid-Term Development Strategy for BiH 2004-2007*, see: <http://www.eppu.ba/strategija-bos.html>

¹⁰¹ BHAS, *Report on Education Statistics*, No. 1, Sarajevo 14.01.2006.

¹⁰² OIA Textbook, *The Importance of the Need and Opportunities for Employment of Youth and Entrepreneurship in BiH*, ed. Jan Zlatan Kulenović, May 2006.

Poverty is a barrier to higher education. Students in BiH get little opportunity to work whilst studying, making higher education a prospect only for those whose parents have a sufficient income to support them during their studies. An example of the impact of such exclusion from higher education is Tuzla University where of the 7,000 students only two are Roma.¹⁰³

The continued delay in adoption of the Law on Higher Education has blocked reform and modernization of the universities in accordance with the Bologna Process, leading to the professional and scientific isolation of graduates whose diplomas will not be recognized in other European countries. This dire situation is further aggravated by insufficient financing of scientific research. Before the war 1.5% of GDP was allotted to scientific research. Today that figure has dropped to just 0.08%, inevitably undermining the quality of higher education.

c) Life-Long Learning

Learning does not cease upon leaving school but continues throughout life, addressing specific needs. The concept of life-long learning goes beyond the traditional notions of the school-based educational process - to include life- and social skills, and offering particular support to key groups. Access to education beyond the formative school years is vitally important for those who under-achieved at school, or those who need to re-train or acquire skills. This type of educational provision has not been systematically developed in BiH. If educational inclusion is to be achieved and the potential of learning fully realised, life-long learning needs to become an integral, and funded, part of the education system.

i) Adult education

Uneducated adults comprise the most vulnerable category of the socially excluded -socially excluded and uneducated individuals do not have the same chance of climbing out of their situation as do those with education. Life-long education is an inclusive education model that allows access to adults as well as children and youth to all levels and models of education in line with their needs and abilities. However, in BiH only around 5% of youth and adults have the opportunity of further education.

Just 3.3% of young people aged 15-25 years who are neither pupils nor full-time students are included in some education or training programme and only 1.6% of people aged between 26-65 years. Persons above 65 years are not included in any form of education.

ii) Informal education and life-skills training

In Europe, attention is being given to informal life-skills training, particularly for those adults who did not complete their education, or acquired only a basic education. This is stated as one of the six priority goals in the UNESCO report, 'Education for All, the Quality Imperative'.¹⁰⁴ Programmes for informal skills are much more versatile and flexible than programmes for formal (professional) education, and may be of different duration. They can be oriented to meet market demands and usually cost less than formal training courses. These forms of education help bring together young people who are not in the regular school system and who are under 18 years of age, especially those who are categorized as being poor, deprived, segregated, or with disabilities and special needs into a more relaxed and encouraging atmosphere, where they can learn how to participate in society more successfully. Such education is completely undeveloped and little appreciated in BiH.

¹⁰³ Radio Free Europe, 26 June 2006 - Marko Divković

¹⁰⁴ UNESCO, *Education for All, The Quality Imperative*, 2005; UNESCO, *Education in Multilingual World*, Paris 2003.

d) Youth Policy

In almost all transition countries the phenomenon of social exclusion of various groups and individuals, youth and adults has occurred alongside an abrupt rise in unemployment, a widening gap between rich and poor, and a general uncertainty about their situation within a rapidly changing society. In BiH, a transition country also trying to recover from the devastation of war, this situation is further aggravated.

The youth of BiH are in a particularly unfavourable situation, brought up and educated in a community which is divided. A large percentage of young people do not see any future for themselves in the country and an even larger percentage wishes to leave the country altogether.¹⁰⁵

The results of the NHDR-research 2006 confirm that education influences both people's political participation as well as engagement in social activities:

- Participation in political meetings is generally poor but gets higher with a higher level of education. It is twice as high for those with a secondary education (9%) compared to those with a primary education (3.7 %), and twice as high among those with tertiary education (17%) in comparison to those with only a secondary school education. Women participate half as much (5.5%) as men (11.1%), irrespective of their educational level.
- Interviewees with a primary education are least often members of NGOs, cultural and sports associations - just 4%, compared to 11% of those people with a secondary education and 20% for those with tertiary education.
- The level of education achieved significantly increases peoples' decision to vote at elections: 52% of interviewees take part in elections if they have had a primary education and 65% if they have completed tertiary education.
- The level of education had no bearing on the participation of interviewees in social activities.

However, only youth engagement and a change in thinking can alter the current situation. This is an additional challenge for the schools of today. The young need to be able and willing to take up an active role in tackling all the issues and problems within their community, as well as given an opportunity to do so from their early days in school.

BOX 11: ADDRESSING YOUTH UNEMPLOYMENT AND EXCLUSION

Consequences of Youth Unemployment

The inability to find employment after school or university is perhaps the biggest contributing factor to poverty and lack of inclusion opportunities among youth. In an economy where labour far exceeds demand, employers are reluctant to take on young people who have no work experience and possess few vocational skills. The inability to find employment increases and prolongs financial and emotional dependence on parents, and brings apathy, depression or various forms of anti-social behaviour.

UNV/UNDP's Integrated Youth Programme (IYP), established in 2002, has contributed to strengthening the capacities of BiH youth and their organizations, as well as supporting the creation of an enabling

¹⁰⁵ UNDP/IBHI, NHDR-Youth -2000, Bosnia and Herzegovina, ibid

environment for youth activism, so that young people may establish effective, long-lasting and sustainable solutions to the kinds of problems that are described in the section above. Within a wide range of activities aiming at empowering youth organizations and young individuals, UNV/UNDP's IYP incorporated a specific component focusing on supporting youth entrepreneurship. This included business training covering basic business practice, business planning, marketing strategies etc. and mentoring/follow up activities.

In the implementation of these activities IYP established cooperation with the Faculty of Economics, University of Sarajevo, with the main aim of involving students in the analysis and review of a business plan and marketing strategies developed by the training participants. This peer-to-peer approach turned out to be extremely positive for all parties involved, provided real and contextualized case studies to the students, plus inputs and suggestions to the trainees from peers well aware of the economic situation of the country.

Additionally, through this cooperation both the students and trainees had the opportunity to meet local and international business people and representatives of the business sector, discuss concrete business cases and further enhance their business skills through additional training modules in CV-writing, interview preparation, and sales planning. As a direct result of this cooperation, students are in the process of establishing a Career Support Centre, which aims to help other students develop their careers.

Lessons learnt

To motivate young people successfully to set up their own businesses in BiH, action needs to be taken on the following levels:

- Secure efforts to raise the practical knowledge of business and work-related skills of the young; Possible areas of focus include: work experience schemes, apprenticeships and internships combined with the transfer of knowledge and good practice from successful entrepreneurs in the community;
- Provide inputs to assist young people improve the analytical skills necessary for creative but realistic planning;
- Support improvements to the institutional environment (administrative, legal, taxation, credit) in order to reduce the costs of start-up, provide incentives for new businesses, and facilitate initial growth and profitability;
- Design programmes encompassing volunteer placements and exchanges as a potentially powerful tool for capacity building (institutional and organisational) where the volunteer is able to use her/his position to motivate, spread ideas and facilitate relationships and practical activities;
- Advocate for the adoption of policies supporting a Youth Volunteer Service: the chance for young people to volunteer in structured and state/CSO coordinated programmes that provide them with an opportunity to engage in meaningful, pro-social activities. The main premise behind this kind of policy is that when given an opportunity for involvement in society through voluntary service, the youth benefit enormously as they are provided with the opportunity to contribute to well-being enhancement and community improvement while also acquiring skills and experiences which can further increase their employment chances.

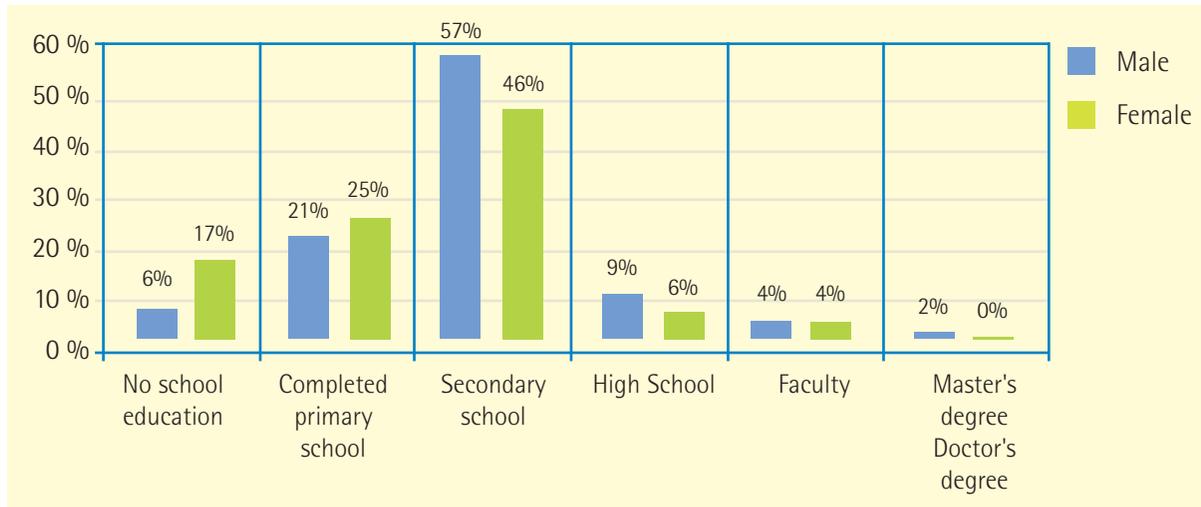
Source: UNV BiH.

3. Gender Issues

The process of integrating the gender issue into education in BiH has been rather successful. Gender mainstreaming in education has been discussed at seminars in all secondary schools in FBiH and RS, as well as in primary schools in FBiH. Pilot research studies were conducted in pre-school institutions in RS with recommendations for the integration of the gender issue. Textbooks and curricula - languages, history, philosophy and sociology - have been revised to remove gender stereotypes and to promote gender-related issues. In both FBiH and RS there are working groups for education at Gender Centres, including representatives of pedagogical institutions. In 2006, the first generation of post-graduate students in gender-studies was enrolled at the Centre for Interdisciplinary Studies in Sarajevo.

Statistical data points to the existing differences in the overall average number of students, according to gender. Thus, for example, at the end of the school year 2003-2004, the number of male students was 186,039, while female students numbered 177,033. However, far more women (2,572) graduated from colleges than men (1,747), except from religious colleges (75% men).¹⁰⁶

Figure 5.
Highest Level of Education by Sex



Source: NHDR-2007 research.

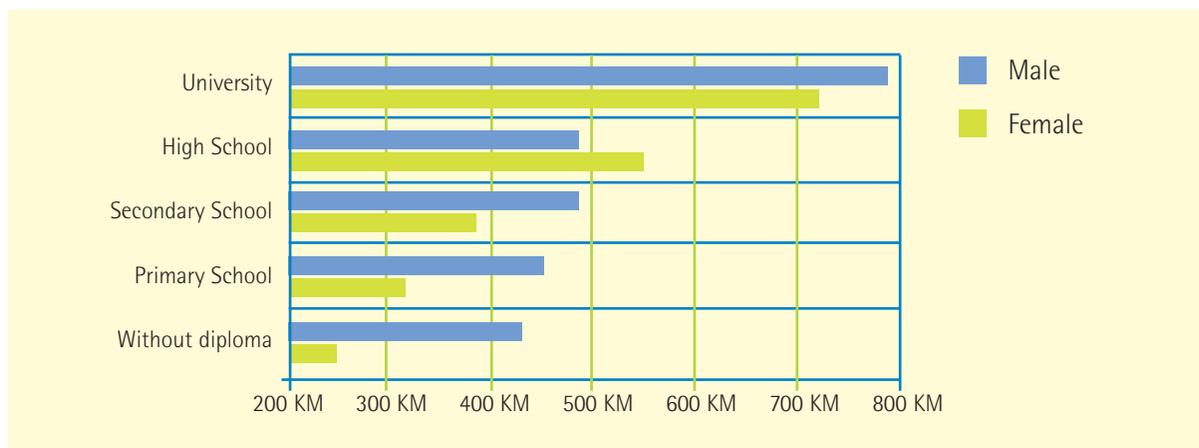
The NHDR-2007 research shows that women are particularly excluded from participation in information and communication technology studies. Women have somewhat less access to the internet than men.

Looking at the overall figures, Roma women are most excluded from education, both as members of a minority and because Roma women are traditionally not expected to attend school. In many Roma families education is usually not valued highly but if a child is sent to school, then preference is given to male and not female children.

¹⁰⁶ BHAS, *Gender Bulletin TB03*, 2005.

A low level of education and economic vulnerability are in direct correlation. Research studies¹⁰⁷ indicate that the average income of people without a diploma is only about half that of people with a diploma. This difference is even more pronounced in the wage gap between men and women, as stated earlier.

Figure 6.
Average Net Salary in BiH in 2004, by Sex and Education level



Source: *Gender Wage Gap in BiH, 2006*.

4. The Future

In this final section we set out a vision for the potential of education to contribute towards greater social inclusion in BiH, and we offer a tailored package of recommendations. We also pay particular attention to the vexed question of educational resources in BiH.

a) The Potential of Education

For education to be the foundation for social inclusion it is vital that all children attend school. The following groups are either not yet fully included in education, or education does not meet their needs, thus making them segregated and deprived:

- Extremely poor children;
- The children of returnees;
- Children with special needs;
- Roma children;
- Children of a minority religion;
- Female children;

¹⁰⁷ Data from Survey *Living in BiH 2004 - Wave 4* and *Gender Wage Gap in BiH, 2006*.

- Children exposed to domestic violence;
- Children forced to beg or to work;
- Children who do not attend local schools but travel to other schools;
- Children with chronic health problems;
- Children from rural areas;
- Children with behavioural disorders.

In addition to the lack of care given to these students, laws on compulsory attendance and the provision of education for all at primary level are not observed, nor constitutional, legal and other measures implemented. Little is being done about curricula, and children are not being sensitized to the equal rights and treatment of all groups.

A research study conducted for an NGO report on the situation regarding the rights of the child in BiH indicated that there are parents in both Entities who do not expect their children to socialize with children from other ethnic or minority groups, and accept that teachers pay less attention to children of the other ethnic group and that this type of discrimination exists amongst peer groups.

Further, teachers are not being trained to adopt an inclusive and learning-based educational approach but are still seen as being people well acquainted with facts and demanding from students the consistent reproduction of such facts, rather than having a wider role in equipping and educating the young for life.

In addition to educational inclusion as a basic prerequisite, attention must also be given to the quality of education. The Programme for International Student Assessment (PISA)¹⁰⁸ research studies conducted in OECD countries indicate that those countries that have not completed educational system reforms and developed flexible forms of education, a diversified system of life-long learning and adult education, and that do not have an education system which meets labour market demands, cannot cope successfully with the problem of social marginalization and exclusion of part of the population.

The risk of sinking into poverty and social exclusion is reduced by an increase in the inclusion of children and young school children into good quality education and flexible forms of learning, adjusted to the needs of a modern economy.

Numerous indicators demonstrate that education is one of the most important factors in the prevention of social exclusion, primarily because it is related to the period of growing up, when the first social connections are established, and young people are prepared for the job market, and successful participation in various segments of social life.

Education is particularly successful in preventing social exclusion provided it:

- Is equally accessible;
- Includes children early enough to avoid or attenuate the negative influence of an unfavourable family situation;
- Lasts long enough to prepare a young person for an active work and social life;
- Offers access, regardless of age, to learning and personal development;
- Through its organizational structure seeks to avoid discrimination and segregation of youth on any grounds.

¹⁰⁸See: www.oecd.org/education.

In addition to being inclusive, a social strategy has to be oriented towards providing a quality education, with modernized curricula and facilities, particularly in secondary schools. This will directly increase the inclusion of youth into the labour market. Society must ensure that funding is available, particularly for children from poor, marginalized and segregated families (Roma), enabling them to attain higher educational standards, and thus sever the link between poverty and social exclusion.

b) Recommendations for Reform

Education available to everyone without discrimination and segregation is the key foundation of all the international commitments of BiH with regard to education. It also plays a key role in the adopted Pledge One of the Education Reform Strategy presented to the PIC in November 2002¹⁰⁹, emphasizing the needs of children-returnees, children with special needs and Roma children. It is encouraging that two important documents pertaining to the above were adopted:

Action Plan on the Educational Needs of the Roma People and Other National Minorities in Bosnia and Herzegovina, February 2004¹¹⁰, and an Interim Agreement on the Meeting of Special Needs and Rights of Children-returnees, May 5, 2002¹¹¹.

- Conditions have to be provided at schools for the education of children with special needs to enable more children to attend regular schools; thus, the number of special schools would decrease;
- There should be persistent attempts to increase the number of Roma students and children-returnees attending regular schools through more intensive work with parents and members of local communities and appropriate increases of school budgets.

However, the political, constitutional and legal situation prevailing in BiH is such that both Entities and each canton, as well as Brčko District, have their own laws for every level of education. Thus, there are over thirty laws at various levels. Almost all laws which regulate education at the three lower levels have been adopted. Unfortunately, the adopted laws have not been implemented throughout the country, such as in the sensitive areas where strong inter-ethnic tension remains. Even where they have been implemented, consistency has not been maintained. Higher education reform has not even passed legislation stage, with a two-year ongoing delay over the adoption of the Law on Higher Education blocking any progress.

For education to move forward and serve the needs of Bosnia and Herzegovina, the authors of this report recommend the following:

- Certain laws and regulations should be reviewed with the aim of minimizing the number of administrative units in education.
- Every effort should be made to achieve full implementation of pertinent legislation, especially with regard to promotion of inclusion and sanctions against all forms of discrimination.
- The on-going education reform should continue and particular attention be paid to the five pledges agreed to by the Entity Ministries of Education on the basis of the OSCE initiative (see footnote 81), namely:

¹⁰⁹ See more: www.oscebih.org/education.

¹¹⁰ See: Gazette Helsinki Committee for Human Rights in BiH, No.4, November 2005, p. 23.

¹¹¹ See: www.mhrr.gov.ba.

1. *We will insure that all children have access to quality education, in integrated multicultural schools, that is free from political, religious, cultural and other bias and discrimination and which respects the rights of all children.*
 2. *We will provide basic education of good quality at the pre-school, primary and general secondary levels, with a modern curriculum and a modern system of assessment and certification for students and teachers. We will ensure that students are taught by well-trained teachers, in properly equipped and efficiently managed schools.*
 3. *We will support the economic development of Bosnia and Herzegovina through the development of a modern, broad-based, flexible and high quality vocational education and training system that is responsive to labour market requirements.*
 4. *We will raise the quality of higher education and research in BiH, significantly increase the number of people with access to higher education, and ensure the full participation of the universities in the European Higher Education Area.*
 5. *We will ensure the transparent, equitable, cost-effective and financially sustainable investment of public resources, and implement education legislation at all levels that is based on European standards and norms and grounded in international human rights conventions.*
- Violations and failure to enforce legal provisions such as the failure to register children of school age or premature withdrawal of children from compulsory school (particularly female children) should be investigated, the causes addressed and if appropriate, the responsible authorities or parents sanctioned.
 - Participation of Roma children should be treated as a special issue; best practices from neighbouring countries should be studied and implemented in BiH as appropriate.
 - Pre-school education should be expanded with particular attention paid to the enrolment of children in danger of social exclusion.
 - Children with special needs must attend school and a medium-term plan should be developed to integrate them into the normal school system. This will require sensitization of parents and teachers, supplementary training of teachers, as well as adaptation of school buildings.
 - At secondary level, the balance between vocational and general education should be reconsidered and within vocational education, gender stereotyping and gender-based streaming should be ended.
 - Non-school vocational education needs a radical overhaul. Various forms of flexible, organized, professional, formal and informal education will contribute to faster reduction in the social exclusion of individuals, especially if structured as a life-long learning process.
 - Higher education reform should be undertaken as soon as possible and be in line with European Union standards, in particular the Bologna Process principles; this will contribute to an increase in number of students and lessen the chance of the social exclusion of youth.
 - The process of education should continuously contribute to raising awareness about citizenship of the state of Bosnia and Herzegovina, and the notion of equality of all its citizens.

c) Recommendations for Education Funding

The education budget and the debate over expenditures require special attention. The portion allotted from BiH's GDP to education amounts to 6.4%. This percentage is significantly above the level of other European countries (4%-5.5%). Yet it is not sufficient because on the one hand BiH has an exceptionally low GDP and on the other,

the education system is very expensive and irrationally organized. A World Bank research study claimed that it is the most expensive education in Europe given the state contribution (as a share of GDP), as well as contributions from individuals (according to per capita income) to education.¹¹²

It is in the interest of all citizens that the education system be rationalized and that the existence of 13 ministries be re-examined along with the 13 administrative units. Funds could be freed up and better spent on reforms, assistance to minority children, children-returnees and the poorest children, to provide them with equal schooling conditions, regardless of canton or Entity, and to prevent their exclusion from education. Such funds need to be permanently allocated within the budget for education. Furthermore, funds need to be allocated to assist the families of vulnerable children to meet education expenses such as procuring clothes, books, school accessories and transport costs.

Given the importance of early childhood education, in particular for children in danger of a lifetime of social exclusion, the financing of pre-school education will need to be accommodated within the education budget.

Improving the cost effectiveness of education will require consistent attention to the quality of education as delivered in the schools and the higher education institutions. This has cost implications, such as a strengthened school inspection service with an emphasis on quality of education rather than on a narrow focus on compliance issues.

d) Specific Gender-orientated Recommendations

Progress made in education so far represents a basis for wider activities aimed at the social inclusion of women. In this respect, the following recommendations are relevant:

- Harmonization of laws and regulations in the field of education with the Law on Gender Equality in BiH;
- Development of a gender-mainstreaming policy in education;
- Provision of support to programmes aimed at the education of female children in rural areas.

5. Summary and Conclusion

Much research is in general agreement that good quality education is the best tool to prevent inequality and poverty, and the most efficient way to escape multiple deprivation and social exclusion. People with low educational attainment invariably fall into the categories of low-paid workers, or the unemployed and frequently constitute the socially excluded in other areas, be it in terms of health status, cultural, or political participation. Even though the risk of individuals with the lowest education level or without any primary education sinking into poverty in BiH has shown a decline between 2001-2004, nevertheless, every fourth person in BiH is still at risk of poverty, and this vulnerability rises progressively as educational attainment declines. At present income rates, people with only a primary education find their existence very difficult. Those with a tertiary education are far more secure and consider themselves to have a comfortable living standard.

One of the key solutions to climbing out of poverty and avoiding social exclusion is to get a higher level of education. At the same time, the sensitivity and awareness of the general public towards social exclusion must be increased through the formulation of appropriate curricula in schools alongside other educational programmes. Pre-school education is particularly important for ensuring the early integration of children who are at risk of social exclusion.

¹¹² Functional Review of the Educational System in Bosnia and Herzegovina, Eurpa Aid /116303/C/SV/BA, Final Report, March 2005

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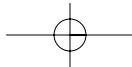
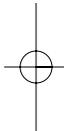
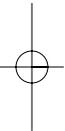
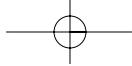
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Evidence and practice suggest that secondary education is the most important sector for the prevention of social exclusion in BiH. Individuals with a secondary education have a very similar level of inclusion to those with tertiary education. Yet secondary education costs less and reaches the many rather than the few. This level of education is also most important to secure adaptation to changes in the labour market and to provide the skills set which BiH workers require.

Life-long learning is a fundamental way to maintain social inclusivity, especially for those who underachieved at school or who need to retrain. But life-long learning also has a cultural and wider social payoff; it involves and enriches the lives of people. Within this, special attention needs to be paid to the least educated and particularly young people without qualifications, through the development of education programmes designed to attract people back into education.



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Social Inclusion
in Bosnia and Herzegovina

CHAPTER 7:

HEALTH: THE NEW APPROACH AND SOCIAL INCLUSION

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The opportunity to live a long, full and healthy life lies at the heart of human development - there can be few more fundamental attributes which govern an individual's inclusion into wider society than being in good health. This chapter addresses the fundamental question of how we secure this for all, not just for the general population but also those with specific health needs. As in other areas, it can be shown that in BiH poor health and morbidity co-vary greatly with social exclusion.

The chapter examines these topics by first exploring what we mean by being in good health and the linkages with social inclusion. Second, we look at the specific health and exclusion dynamics in BiH. Third, we focus on the healthcare system, providing an appraisal of its performance. Fourth and finally, we set out the policies that might be adopted to address the issues raised.

1. Key Concepts: Well-being, Health and Inclusion

The World Health Organization defines health as: 'a full physical, psychological and social state of welfare, and not merely the absence of illness or exhaustion'. This definition very much equates being healthy with well-being - a broad application and understanding of being healthy including physical and mental health alongside social adjustment and fulfilment. This in turn is shaped by a wide variety of causal drivers and factors and stands rather in contrast to the traditional medical practitioners' view that the key health determinants are largely governed by physiological processes. There is a similarity between this modern conception of health and economic development. Both processes are the result of activities that include numerous societal factors as well as the actions of the population through individual and collective decisions. It is interesting that the direct medical service contribution for improving a population's health is estimated at only 10%, and the rest is the result of other processes.¹¹³

The main health determinants are correlated with life conditions, environmental factors, lifestyles and biological factors such as age, gender and heredity.¹¹⁴ Factors such as housing, food, education, working conditions, employment, water and sanitation, transport, fiscal regulation and social welfare policy often have a stronger influence on a population's health than the health sector itself. It is therefore particularly important to emphasize the significance of cooperation between the social and health sectors for the protection of a population's health. According to the Ottawa Declaration, with the aim of ensuring a healthy population the following five branches should be addressed: high-quality public policies, environment, community activities, personal skills development in public health and health service reorientation.¹¹⁵

The human development paradigm recognizes the linkage between health, education and living standards. Social poverty in the form of lack of income and poor education, with economic inequality and bad housing conditions, results in lower life expectancy and high infant mortality. In this way the wider dimensions of social exclusion correlate and co-vary with poor health outcomes. Poor health is both a characteristic of social

¹¹³ Dahlgren G, *The Need for Intersectoral Action for Health*. The European Health Policy Conference: Opportunities for the Future, WHO Regional Office for Europe, Copenhagen, 5-9 December 1994, p. 18.

¹¹⁴ WHO, *Health 21 - Health for All in the 21st Century*. WHO Regional Office for Europe, Copenhagen, 2000.

¹¹⁵ WHO, *European Health Care Reform: Analysis of Current Strategies*. WHO Regional Publication, European Series, No. 72, Copenhagen 1997.

exclusion and is driven by the social dynamics which give rise to exclusion. As a result, securing the well-being of all requires a multi-sectoral approach, where policies across the board are targeted to improve health and welfare in addition to improving the healthcare system. In this chapter we focus on the system and the wider socio-economic solutions that are needed to secure the population's overall good health.

Informed by this perspective, the WHO particularly insists that health policies focus on reducing the inequalities and inequities in health and healthcare, between regions within countries, as well as among different social groups.

When we are talking about equality and equity, the following three components are included:

- Equality of health outcomes between the population's social groups;
- Equality in financing healthcare according to needs, both regionally and within specific social groups;
- Equality of availability and accessibility of health facility services both geographically and in terms of awareness.

BiH has to increase health standards according to the commitments made within the UN health compact, "Health for All in the 21st Century", adopted by the international community, including BiH, in May 1998.

2. Health in BiH

Comparing basic health outcomes for BiH to EU averages shows that the quality of health in BiH is some way below that of EU countries. Life expectancy reaches 74 years compared to 78 years in the EU25. Further, men have a lower life expectancy than women (72 to 77 years) and this gap is larger in FBiH (71 to 78 years) than in RS (74 to 75 years).¹¹⁶ According to the healthy life expectancy indicator (HALE) which measures the length of life spent in good health (64 years),¹¹⁷ the population in BiH loses an average of 10 years per person to illness. This loss is higher than the EU15 average (six years).¹¹⁸

Cardiovascular diseases are the number one cause of death in BiH and account for 30% of the total disease burden, followed by neuro-psychiatric conditions (20%) and cancer (11%).¹¹⁹ The current health situation has been impacted by the legacy of the conflict, including stress and impoverishment, and the impact of transition on the socialised health sector. In particular, the main risk factors to the health status in BiH are smoking and high blood pressure for men and high blood pressure and a high Body Mass Index (BMI) for women.

Lifestyle risk factors, such as smoking, alcohol abuse, obesity and sedentary lifestyles are traditionally widespread and are on the rise. BiH has a larger adult smoking prevalence (38%) than the EU25 (29%). Total reported alcohol consumption is 10 litres per person per year compared to 9.4 in the EU25. Additionally, 14% of men and 7% of women suffer from obesity.¹²⁰

¹¹⁶ See annex 1, table 26.

¹¹⁷ Healthy life expectancy or health-adjusted life expectancy is based on life expectancy at birth but includes an adjustment for time spent in poor health. It is most easily understood as the equivalent number of years in full health that a newborn can expect to live based on current rates of ill-health and mortality.

¹¹⁸ WHO, www.euro.who.int.

¹¹⁹ Ibid. The burden of disease in a population can be viewed as the gap between current health status and an ideal situation in which everyone lives into old age, free of disease and disability.

¹²⁰ Ibid.

The child mortality rate, which is one of the MDG indicators, has not yet reached EU levels. While the EU25 average estimate of child mortality (under 5 years of age) is 4.6 deaths per 1,000 live births, the BiH estimate reaches 18 deaths per 1000 live births.¹²¹ Related to this, vaccination records show that 87% of the population are covered by basic vaccinations, which has led to a steady decline of tuberculosis, meningitis, measles and other infections.¹²² However, the current inadequate state of registration and information systems creates obstacles for ensuring full vaccination coverage of certain groups, in particular Roma children and displaced persons.

Health status and risks differ among groups. The health of adolescents is greatly affected by their lifestyle choices, such as smoking, abuse of alcohol and drug use. People with disabilities face poor quality healthcare support services and deal with accessibility and availability deficiencies. Children with special needs are often isolated and placed in segregated institutions which impede their social development, leading to greater ignorance and thus intolerance in society. Elderly returnees constitute another group with specific health needs which are unmet due to unclear administrative arrangements for healthcare provision within BiH.

It is worth underscoring that the country's fragmented administrative structure implicitly excludes certain groups. This refers particularly to people with disabilities and to minorities. Social stigmatization also plays a role in excluding other groups with special needs from accessing quality healthcare services. This might apply to drug users seeking rehabilitation or HIV/AIDS sufferers requiring specialized care and support.

Among the main direct health determinants are the poor conditions which prevailed during the war and in its aftermath, specifically: poor housing, inadequate water supply, inadequate waste disposal, insufficient nutrition, lack of medications, stress, unemployment, as well as migration. In addition, one of the biggest problems for both men and women in BiH is accessibility and quality of healthcare.

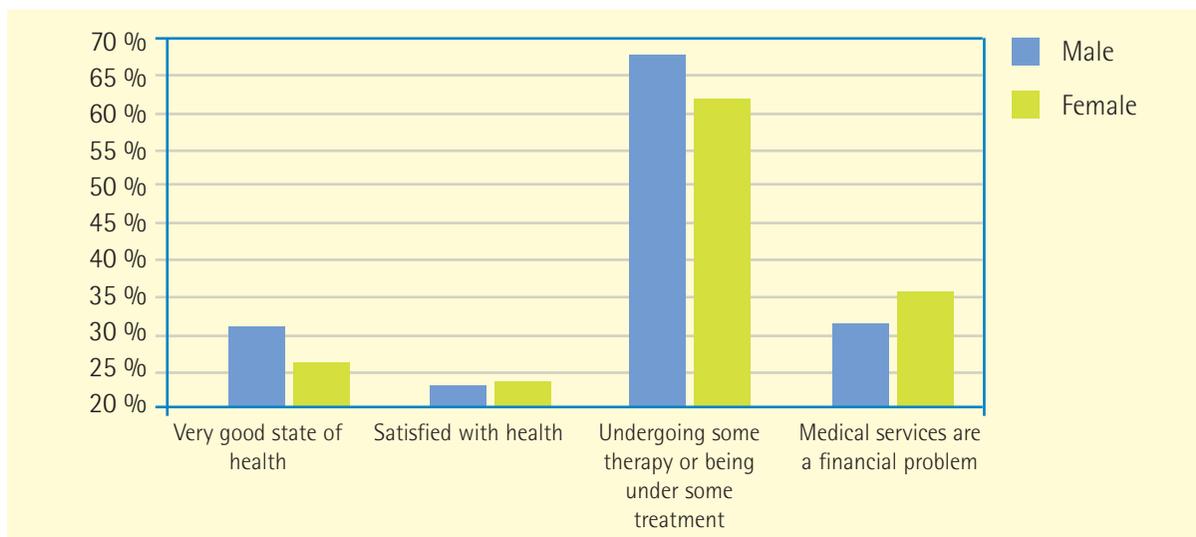
Poor access to health services is significant in BiH, as illustrated by the 72.8% of participants in the NHDR-2007 survey who were found to have this problem. The main roadblocks precluding proper access are: 1) not having health insurance; 2) prohibitively expensive medication costs; 3) long waiting lists for certain health services; and 4) administrative problems. There was a material difference in the percentage of respondents based in urban areas who reported having difficulty accessing health services (77.3%) compared to those from rural locales (66.7%). This shows a more significant social exclusion problem for the rural population, in terms of access to health services.

Although more men than women perceive themselves to be in a very good state of health, the percentage of men who had been treated with some type of therapy within a one-year period was somewhat higher than that of women (see *Figure 7*). The lower percentage of women undergoing treatment may be linked to the fact that a larger percentage of women than men consider paying for medical services to be a real problem.

¹²¹ Ibid.

¹²² UNDP (2004), MDG Update Report for Bosnia and Herzegovina, PRSP, Europe and Beyond, UNDP BiH.

Figure 7.
Health and Gender Exclusion



Source: NHDR-2007 research.

3. Healthcare in BiH

BiH's healthcare system is under stress. Competing explanations are given for its inadequacies, chiefly in terms of systemic weaknesses or under-resourcing. We examine these two possible causes below. The commentary refers to both the impact on the vulnerable and the wider population, and is informed by our survey results.

a) The Health Insurance System

The overall political aim in BiH has been to establish a non-competitive, regionally-based, social health insurance system. Social health insurance encompasses a non-profit and public insurance system. This system is not financed by general taxation but by contributions to health insurance funds. The term 'regionally-based' means that these are several funds, i.e. one fund for each region. Citizens cannot choose a health insurance fund or opt out of an insurance fund.¹²³ The health system laws at the state-level proclaim the principle of universal health insurance coverage for all citizens.

In BiH, there are twelve regionally-based, social health insurance funds respecting the administrative country borders, based on the Entities and cantons. The special health insurance funds cover the whole territory of RS, including Brčko District. The situation in FBiH is somewhat complex. There are ten cantonal funds, each covering their own cantonal territory. The health insurance law in FBiH offers the possibility of merging two or more cantonal funds into one single fund, if it would offer greater cohesion or reduce administrative costs.¹²⁴

¹²³ Schneider, M. and Wasem, J.: *Module 8. Regulating Private Markets and Insurance. (Background Paper prepared for the Flagship course on Health Sector Reform and Sustainable Financing)*, Economic Development Institute of the World Bank, August 1998, 126 pp.

¹²⁴ Ministry of Health of the Federation of BiH: *Policy and Strategy of Health Financing Reform in the Federation of Bosnia and Herzegovina*. Sarajevo, December 1998, 96 pp.

In addition, the Federation Health Insurance and Reinsurance Institute finances some services through federal solidarity programmes all over the Federation. Each canton sets aside 9% of its revenues for the federal solidarity fund in order to finance the following services:

- Some tertiary healthcare services (excluding cardio-surgery and neurosurgery);
- A small number of secondary healthcare services (excluding cancer medicines given in the cantonal hospitals);
- Vertical healthcare programmes (excluding kidney dialysis for all patients in FBiH).

According to widely accepted European norms, the basic traditional value of our complete healthcare system represents the concept of universal health insurance coverage. In this way it supports the principle of health equality and healthcare for all citizens in BiH. Many factors are involved in seeking to achieve equality, such as solidarity in sharing revenues between regions of the country and equalizing health consumption not only per capita but also according to the illness risk, illustrated by the following examples:

- To ensure equality, a higher percentage of money must be spent on the aged population in some areas, than on the young.
- The basic package of health entitlements per capita in a region with a large risk of endemic nephropathies and kidney-dialysis services costs more than the average cost of the package for the whole country.

The employed, who pay for their own health insurance or who allow another legal entity to pay for them, are termed "insurees" or "contributors". Members of their families (children, parents and others who live in their household) have a right to health insurance and are termed "insured persons". According to health legislation in BiH, insurees and insured persons are defined under 20 categories, depending on who pays the insurance. The tables presented below show the main distribution of categories of insured persons in the two Entities (see Tables 9 and 10).

Table 9.
Health Insurance Coverage in BiH during 2005

	FBiH	RS	BiH
Population	2,323,992	1,479,634	3,803,626
Number of insured persons	1,934,957	1,110,567	3,045,524
Health insurance coverage in %	83.26 %	75.05%	80.00%
Annual health insurance revenue per insured person (KM)	333 KM	192 KM	282 KM

Source: *Health Insurance Funds of FBiH and RS: National Health Accounts for the Year 2005.*

In 2005, 83.26% of the population in FBiH had health insurance coverage, 2.22% fewer than in 2004. This means that about 16.74% of the population is still without health insurance, which is a significant figure. The percentage distribution of the health insurance coverage between some cantons and communities is significant.

For example, coverage in the West Bosnia Canton is 59.95%, compared to 94.53% in Sarajevo Canton. Health insurance coverage in RS is 75.05%, which is less than the average value for FBiH.

The overall trends within the structure of insured persons somewhat reflects labour market trends. For instance, the total number of insured persons who were employed in 2005 was 2% lower than in 2004, whereas the total number of insured unemployed persons as well as the number of insured retired persons is slightly higher than in the previous year (15,477 and 9,709 respectively).¹²⁵ The result of this is a solidarity burden for the employed, who have to cover the health insurance costs for the unemployed and retired.

The difficulties in administering health insurance regulated by FBiH Health Insurance Law are shown in the case of the unemployed. The regulations state that only the unemployed who have registered with an authorized employment bureau within fixed deadlines are eligible for health insurance. The registration deadline is 30 days after cessation of employment, release from prison, health facility or any other specialized institution, or return from abroad; and 90 days after finishing regular schooling. In addition, the cantonal acts are differently regulated, so the deadlines differ from canton to canton. Further, lack of awareness as well as accessibility issues, particularly for people with disabilities reduce unemployment registration.

Significant inequalities exist in health insurance coverage among certain categories of insured persons, such as disabled war veterans or those on social benefit. In line with the legislation on disabled war veterans, those with a high level of disability receive permanent cash invalid allowances and are entitled to healthcare insurance which is paid regularly. However, other categories of insured persons with a lower level of disability also receive an invalid allowance but their health insurance contribution is not paid. Since these are mainly people in poor health, they are usually unable to find job and thus get health insurance based on employment. In addition, those on temporary social benefits do not get their health insurance paid, despite their need for healthcare.

b) Entitlements and Health Expenditure in BiH

The National Health Accounts over the last few years illustrate the significant disparities between the average revenues collected for health services in different parts of the country. Although the average per capita value of health insurance revenue in RS for 2005 was smaller than in FBiH (Table 9), the problem of inequality between age and social groups for all insured persons was solved at Entity level. In 2005, total health insurance revenues for FBiH were KM 333 per insured person, or KM 277 per citizen. However, revenues vary significantly from canton to canton. For example in 2005, they ranged from KM 212 per insured person in Central Bosnia Canton to KM 508 in Sarajevo Canton.

The following table illustrates the cantonal distribution of the average values of revenues from compulsory health insurance per insured person, as well as the average expenditures on prescription drugs, demonstrating the inequality of expenditure on healthcare in FBiH.

¹²⁵ Health Insurance Funds of FBiH and RS: *National Health Accounts for the Year 2005*.

Table 10.
Cantonal Distribution of Annual Revenues per Insured Person and Expenditures on Pharmaceuticals for 2005

No.	Canton	Number of insured persons	Average annual revenue per insured person (KM)	Average expenditures for pharmaceuticals per insured person (KM)
1	Una-Sana	205,034	269	31
2	Posavina	30,984	355	24
3	Tuzla	445,555	327	38
4	Zenica-Doboj	337,476	257	35
5	Bosnia-Podrinje	25,727	323	48
6	Central-Bosnia	220,757	212	21
7	Herzegovina-Neretva	171,674	347	19
8	Western-Herzegovina	60,754	319	32
9	Sarajevo	387,600	508	98
10	West Bosnia Canton	49,396	315	29
	TOTAL FBiH	1,934,957	333	45

Source: Health Insurance Fund of FBiH: National Health Account in the FBiH for the Year 2005.

Each canton has its own 'entitlement list', which is a set of guidelines regarding service provision. This includes a list of prescription medicines that are funded by the canton's health insurance fund, a list of particular services available, the amount to be paid as a co-payment by a patient, as well as a list of those orthopaedic and prosthetic appliances financed by the insurance. Confronted with a lack of revenue, health authorities and the health institutions have to effectively ration services available in health institutions, patient entitlements and available orthopaedic appliances.

The Law on Healthcare in FBiH favours vulnerable groups of citizens in the sense that the health entitlement package includes the relevant illnesses and population groups. According to Article 32 of the law, healthcare for those who are suffering from progressive neural-muscle illnesses, paraplegia, quadriplegia, cerebral palsy and multiple sclerosis must be a part of the health entitlement package. However, according to Article 33 of the same law, the scope of healthcare rights is fixed by cantonal regulations. The consequence of this approach is that the disabled person's package of rights for orthopaedic and other appliances differs from canton to canton.

The following tables show the total number of insured persons, including some members of vulnerable groups, noting that all the persons included in this table have obtained health insurance, and therefore have access to healthcare. Note also that in 2005 the percentage ratio between the number of 'insurees' (persons covered by their own contribution) and 'insured persons' (persons not covered by personal contributions, but insured as a family member of an insuree) in FBiH was 54.95% to 45.05%.¹²⁶

¹²⁶ The RS data does not disaggregate family members from insured persons.

Table 11.
Overview of Insurees and Insured Persons in FBiH in 2005

No.	Insured persons by insurance category	Number	Participation %
1	Employee, insurance paid by employer	434,111	22.44
2	Agricultural workers	14,343	0.74
3	Retired persons	302,159	15.62
4	Health insurance registered unemployed persons	216,871	11.21
5	Disabled persons, war victims, etc.	44,492	2.30
6	Persons insured overseas	18,131	0.94
7	Self-contributors	8,995	0.46
8	Other insured persons	24,162	1.25
	Total of insured persons	1,063,264	54.95
9	Family members of the insured person	871,693	45.05
	Total insured persons	1,934,957	100.00
	Total population	2,323,992	

Source: Health Insurance Fund of FBiH, National Health Accounts in the FBiH for the Year 2005.

Table 12.
Overview of Insured Persons in RS in 2005

No.	Insured persons by the insurance categories	Number	Participation %
1	Employee, insurance paid by employer	491,412	44.24
2	Agricultural workers	112,136	10.17
3	Retired persons	248,305	22.35
4	Health insurance registered unemployed persons	209,448	18.85
5	Disabled persons, civil war victims, etc.	14,500	1.30
6	Persons insured overseas	33,129	2.98
7	Self-contributors		
8	Other insured persons	1,637	0.02
	Total of insured persons		
9	Family members of the insured person	-	-
	Total insured persons	1,110,567	100.0
	Total population	1,479,634	

Note: The rest of the insured persons are refugees and displaced persons; the number of insured persons includes the insured person's family members.

Source: Ministry of Health and Social Protection RS and Health Insurance Fund of RS.

The results of the NHDR-2007 survey reflect the overall pattern. The percentage of interviewees with health insurance in FBiH was 81.8%, and in RS 78.5%. In Brčko District the figure was notably high at 96.4%.

4. Future Orientation and Policies

To secure better health outcomes, BiH requires both reorientation of policy towards securing wider well-being, and direct intervention in the healthcare system. Such an approach recognizes that poor health is both a cause and outcome of exclusion. Below we offer our main proposals followed by a set of recommendations tailored to the gender issues we identified earlier in the chapter.

a) Main Recommendations

The priorities for a healthcare system which would lead to a decrease in the damaging effects of unemployment, poverty and social exclusion on the population's health are:

- Ensure universal health insurance coverage;
- Modify the healthcare and the health insurance laws obliging the Entity authorities to allocate healthcare revenues for health insurance of the excluded categories of population;
- Improve mechanisms for the successful collection of the healthcare revenues;
- Introduce a patient's healthcare rights package that guarantees the same rights to all citizens in each Entity in the healthcare framework;
- Due to the cantonal structure of FBiH, any of the proposed financial source varieties will necessarily assure 'the equalizing of risk/subsidization' process in financing the package all over FBiH through federal solidarity mechanisms. The present federal solidarity scheme should therefore be further developed by financing the following components of the healthcare: (a) part of the health rights package costs in poorer cantons for the primary and secondary healthcare level; (b) vertical programmes¹²⁷ for health protection for all patients in FBiH (e.g. kidney-dialysis); and (c) the total health rights costs on the tertiary healthcare (three referable clinical centres);
- Promote good health practices by setting out public policies within other sectors of the society that have an influence on health;
- Develop morbidity and mortality monitoring of the vulnerable as well as relevant health indicators based on which specific healthcare and illness prevention programmes can be drawn up.

b) Tackling Gender Differences in the Healthcare System

Informed by our earlier appraisal of gender issues we provide tailored recommendations. Two key challenges emerge:

- Reproductive health services for women are often less available in the rural areas. Specialist reproductive health services are often available only in the bigger medical and university centres of Banja Luka, Mostar, Sarajevo and Tuzla.
- Women with disabilities in particular are physically excluded when it comes to health services and medical workers are often insensitive to their problems. This particularly applies to female reproductive health and maternity questions, where women with disabilities are not expected to, or are even discouraged from raising a family.¹²⁸

¹²⁷ Vertical programmes are related to health protection for some diseases that are provided independently from place of residence, i.e. cantons. They are financed "vertically" from the Solidarity Fund.

¹²⁸ "Support to the Disability Policy Development (SDPD) in Bosnia and Herzegovina", *Project Information Document*, July 2006.

Among the possible recommendations for improving female healthcare are:

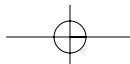
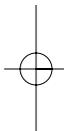
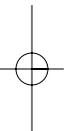
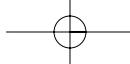
- To make funding available for free ultra-sound and mammography examination, as well as other services for reproductive health.
- To provide equal access to sexual reproductive healthcare for people with disabilities.

5. Summary and Conclusion

BiH has a problematic mix of determinants of ill-health and morbidity. These are largely determined by the consequences of conflict and transition but also by lifestyle factors. Some groups, such as people with disabilities, minorities and displaced persons, often have special health needs but face greater exclusion in accessing quality healthcare.

The health insurance coverage rate in BiH is approximately 80%, far from the proclaimed goal and principle of universal health coverage. Entitlements vary significantly from region to region, according to available resources. The percentage ratio between the number of 'insurees' (persons covered by contribution) and 'insured persons' (persons not covered by contribution, but as a family member of an insuree) in FBiH is 54.95% and 45.05%, respectively, indicating a high degree of dependency.

If BiH is to achieve widespread well-being with equity, the healthcare system should address the inequities and the plight of vulnerable groups of the population. In addition, a solution must to be found to address the situation of the uninsured. Further, reorientation is needed to create a healthcare policy which addresses the wider concept of good health. This would reflect the understanding that poor health results from a variety of factors, and take into account the causes of social exclusion. An holistic approach is therefore required, one which combines medical with socio-economic remedies.



National Human
Development Report

2007

Social Inclusion
in Bosnia and Herzegovina

CHAPTER 8:

SOCIAL PROTECTION - FROM SOCIAL ASSISTANCE TO SOCIAL INCLUSION

CHAPTER 8: SOCIAL PROTECTION – FROM SOCIAL ASSISTANCE TO SOCIAL INCLUSION

This chapter focuses on the direct ways of assisting the most materially deprived and excluded in society, from supporting incomes to where possible encouraging movement away from dependency on transfers. For the most part the text reviews how the social welfare system supports the livelihoods of those unable to secure sufficient resources to meet their needs. It also examines the pension system and the particular issues arising from gender differences.

The chapter has four distinct parts. The first and most substantive section addresses the welfare system. This outlines the pattern of needs and how the system functions, and offers an appraisal which includes recommendations of how BiH might move forward. The second section then briefly reviews pensions' provision. The third part discusses gender issues and social protection, finishing with an extended conclusion.

1. Welfare and Social Assistance in BiH Today

a) Needs Assessment

The social situation in BiH over the last ten years has been principally determined by the economic and social consequences of the war, major humanitarian assistance and, in later years, support for reforms and a slow transition process. The extremely slow transition included not only moving from a demand-driven to a free-market economy and a democracy but also a transition from dependence to sustainability and full domestic responsibility for the progress of the country.

The particular social situation helped develop specific forms of social exclusion. Further, the social policies did not adequately attempt to address the issue of social exclusion and its local manifestations. For these reasons, reform in this field is particularly necessary, especially in the context of EU integration.

The chief characteristics of the social context can be summarised as follows:

- A growing but still inadequate level of economic activity with a large informal sector;
- Poverty and growing inequality reflected in geographical and other demographic disparities;
- Unemployment and economic inactivity or discouraged workers;
- Underdeveloped services in the social protection system.

A special characteristic of the social context is the phenomenon of new poverty. Pre-war, the majority of the population enjoyed a relatively high standard of living but it now finds itself hovering just above, or living below, the poverty line. Socially and politically this makes the situation even more complex. It also contributes to the public perception of poverty. This specifically concerns the social exclusion of the newly poor, characterised by a sudden break of social ties on which living standards depend.

In 2004 the poorest population groups in BiH included households with three or more children; refugees and displaced persons; households with two children; those where the head of household was younger than 25; the unemployed (ILO classification); and households where the head of household only had an elementary education.

A typical poor household in BiH is one where the head of household is a man who did not move during the war, with no older household members, where most members are not economically active and situated in a rural area.¹²⁹ It should also be remembered that 31.2% of households (FBiH 37%; RS 22.3%; Brčko District 37.2%) have no apparent monetary income.¹³⁰

The social protection system provides services for some 590,000 beneficiaries - about 16% of the estimated population. A more detailed structure of beneficiaries, based on data provided by the statistical agencies, is given below (Table 13):

Table 13.
Social Protection Beneficiaries in BiH

	Minors			Adults			Total Number of Beneficiaries		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
2003	128,793	59,813	68,980	457,445	220,571	236,874	586,238	280,384	305,854
2004	132,814	61,417	71,397	454,886	248,078	206,808	587,700	309,495	278,205
2003	100.00%	46.44%	53.56%	100.00%	48.22%	51.78%	100.00%	47.83%	52.17%
2004	100.00%	46.24%	53.76%	100.00%	54.54%	45.46%	100.00%	52.66%	47.34%

Table 14.
Minors who are Social Protection Beneficiaries, by Entity

	FBiH			RS			BiH		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
2003	64,189	29,118	35,071	64,604	30,695	33,909	128,793	59,813	68,980
2004	64,063	28,460	35,603	68,751	32,957	35,794	132,814	61,417	71,397

Table 15.
Adult Social Protection Beneficiaries, by Entity

	FBiH			RS			BiH		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
2003	262,090	137,538	124,552	195,355	83,033	112,322	457,445	220,571	236,874
2004	273,105	155,501	117,604	181,781	92,577	89,204	454,886	248,078	206,808

¹²⁹ For more details see EPPU-PIMO, *Preliminary Report on Poverty in BiH*, 2005.

¹³⁰ NHDR-2007 survey.

The number of poor in BiH is 680,000, while the number of registered social protection beneficiaries is around 580,000, as presented in Table 13. As a result of the differences in Entity legislation and the fact that not all citizens enjoy equal rights or equal financial assistance, almost 100,000 persons who need assistance are not covered by any social programme. The figures also illustrate some interesting dynamics. Between 2003 and 2004, the number of female beneficiaries has increased while the number of men has decreased. Moreover, those receiving assistance in RS has fallen, whereas in FBiH there has been an increase. Underpinning this is a somewhat differential process of reform and some progressive improvement in the economy.

b) The Current Social Protection System

Despite some change, the present social protection system is largely traditional, based on public institutions and financial assistance according to entitlements defined by law. Services have been largely underrated, particularly with respect to new models which include a client-oriented approach. In this way, the system itself is reducing the chance of genuine social inclusion and of providing a route out of dependency.

The existing social protection system rests on the philosophy and practice of providing assistance, which means the basic forms of protection among which financial assistance and institutionalization are predominant. Such a system is characterized by a lack of prevention, involves complex administrative procedures in its approach and everyday work, and an absence of client participation. The client/beneficiaries take no part in decision-making and cannot use his/her own abilities to influence the tailoring of services according to need.

Social protection institutions (e.g. the Centres for Social Work), which are among the main stakeholders of the system, are organized according to the stereotyped public services model, are poorly connected to other systems and other stakeholders in the community, and are inflexible, non-cooperative and non-transparent.¹³¹

The result of this orientation is a growing mismatch between needs and delivery. This inertia is compounded by the politicized issue of war veterans' assistance, producing some very serious inequities. Indeed, although the proportion of national income spent on social assistance is roughly in line with European averages, its distribution is not. As the next table illustrates, transfer payments to veterans dwarfs all other support, including that provided to the neediest. This issue is not merely a numerical one; there is also an asymmetry in assessment and allocations. The core operational problem is the result of a broad spectrum of entitlements granted to war veterans and an absence of precise identification of the individuals within that group who really need help.¹³²

¹³¹ See: Mira Ćuk, "Client-Oriented Approach: CSR Reforms", In, *Publication of Social Policy Conference, Sarajevo - 31 January 2006*, DFID, WB, EU Delegation to BiH, FMRSF, MZSZRS.

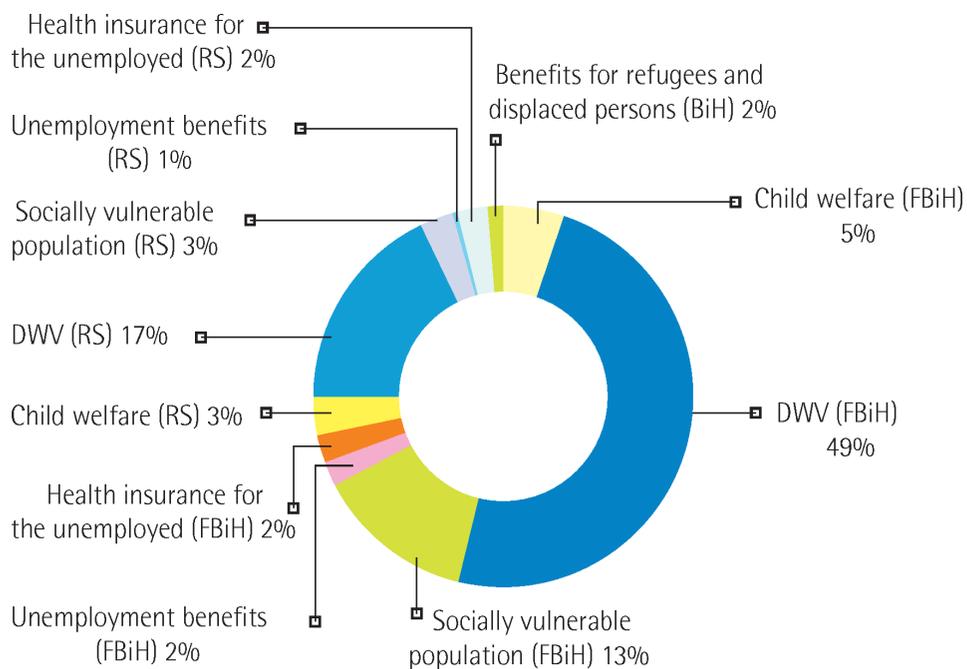
¹³² See: EPPU, *Suggested measures to alleviate consequences of increased prices of basic foodstuffs as a result of VAT*, Sarajevo, July 2005, pp. 13-14.

Table 16.
Total Annual Spending on Social Programmes in BiH in 2004 (in millions KM)

	FBiH	RS
Child welfare	34.8	21.0
Disabled war veterans	326.0	117.0
Socially vulnerable population	88.9	18.7
Unemployment benefits	15.2	6.5
Health insurance for the unemployed	15.3	15.4
Total in FBiH and RS	480.2	178.6
Benefits for refugees and displaced persons (BiH Return Fund)		10.1
TOTAL IN BiH		668.9

As Table 16 shows, in 2004 the total spending on social programmes in BiH was estimated at approximately KM 669 million, which represents around 5% of BiH's GDP in that year. As illustrated in Figure 8, 66% of total welfare spending goes to disabled war veterans (DWV).

Figure 8.
Structure of Social Programme Spending in BiH in 2004



2. Key Reforms: Moving from Assistance to Inclusion

a) A New Approach

In order to develop a genuinely inclusive social protection system in BiH a radical policy shift is needed. Any social policy must rest on the individual needs of the beneficiary and extra-institutional social welfare services, and broaden the network of services and actors of the social system. Partnership with beneficiaries is the cornerstone of such an approach, making them the subject of support provided by society and engaging them in satisfying their own needs. This necessitates a shift in focus, from handing out social welfare payments to social inclusion; it means better targeting of the real needs, i.e. testing potential beneficiaries. Within this approach the role of civil society organizations is very important, as they can provide a number of services more efficiently than public institutions.

Specific steps for concrete, inclusive reform at the macro level are as follows:

- Reform of social services leading to a reduction in the number of clients and support of their reintegration into the regular labour force;
- Reform of social services to be followed by an overall reform of the social sector, particularly labour and employment, and pension and disability insurance;
- Welfare assistance adjusted to include the most vulnerable categories of the population and ensure equal treatment to all beneficiaries who are in real need of assistance (i.e. assistance should not be exclusively based on membership of one specific group, or on legal rights, as is currently the case);
- Improvement in the efficiency of social services through organizational changes, starting with the relevant ministries at Entity and cantonal level, with special focus on norms, standards and simplification of procedures at the Centres for Social Work (CSW), according to established international standards;
- Social policy development taking into account the experiences of social services reform which has already begun in several municipalities and towns.¹³³

Action is also needed at the municipal level where much individual support is delivered by local CSWs. Here it is important to focus on the following:

- Promoting a client-oriented approach;
- Providing assistance and services according to needs;
- Promoting a better balance between services and financial support;
- Promoting development of institutions and partnerships;
- Promoting continuous planning at all levels where social services are provided;
- Promoting the principles of quality, responsibility, transparency and efficiency;
- Raising public awareness.

In the meantime, progress is needed within the Entities, specifically to ensure:

¹³³ In the municipalities of Banja Luka, Gornji Vakuf/Uskoplje, Trebinje and Zenica, DFID implemented a 4-year project 'Central and Local Social Policy System and Structure Reform in BiH', while a UNICEF project 'Promoting child protection system reform at central and local levels in BiH' is being implemented in the municipalities of Bugojno, Vareš, Kakanj in FBiH and the municipalities of Teslić and Gradiška in RS.

- More transparent, simpler legislation aimed at providing guidance, rather than issuing directives;
- More transparent, reliable and long-term financing;
- Realistic financial support, delivered on time;
- A more professional and less directive approach to communications between the cantons and municipalities;
- More space, within standards and guidance, for local input and ideas on social protection;
- Regular monitoring of social policy and implementation which focuses more on the results, influences and problems;
- Agreement on operationally-acceptable budget transfers;
- A framework which addresses inequalities of income and the cost of social assistance among municipalities and the provision of social services;
- Agreement on the definition of the poverty line, both for operational activities and policies;
- New approaches on financial transfers based not on rights but on the amount of income and payments, with a view to reducing poverty.

Social policy reform was given special prominence in the 2004-2007 Mid-term Development Strategy for BiH. Draft legislation and amendments in the field of social protection in FBiH and RS largely included the above recommendations. On this basis, BiH should already be prepared, in the context of the EU's Stabilization and Association process, to adopt policies and laws within the social sector in line with EU standards. National action plans for social inclusion have an important role in the EU. They transfer common EU objectives into national policies, bearing in mind the separate social welfare systems and social policies in each member state. The former step concerns countries in the association phase which, once they become members, accept bilateral cooperation by signing the Joint Inclusion Memorandum (JIM) which obliges a country to identify key social challenges and determine priorities.¹³⁴

b) Financing These Reforms

BiH spends around 16% of GDP on social protection (this includes both budgetary and extra-budgetary funds); the corresponding EU average is 19%. This means that overall spending on social protection is within the range of EU countries. Total budgetary spending on social programmes in BiH in 2004 has been estimated at approximately KM 669 million, which is around 5% of GDP.¹³⁵

The need to streamline government functions is very important within the overall reforms implemented. The reform of the social sector includes, among other things, the need to find solutions to ensure harmonization of entitlements at state level. If some functions in this field are transferred to state level, funds will be allocated in the budget for this purpose. It is also important that the consequences of new decisions on governmental institution budgets should be considered in a timely fashion.

One of the main problems of providing social protection is inadequate targeting, or more precisely the imbalance between financing support to war veterans with disabilities on the one hand, and all other beneficiaries of social

¹³⁴ For more details see: European Commission-Directorate General for Employment, *Social Affairs and Equal Opportunities, Social Inclusion Report* (in 10 new member countries), 2005.

¹³⁵ See: EPPU-PIMO, MTDS BiH (2004 - 2007) (PRSP), *Revised document*, February 2006, pp. 70 - 78.

welfare on the other. This high portion of welfare spending on war veterans with disabilities is specific to BiH and does not have an equivalent in the other EU countries. BiH came out of the 1992-1995 war with huge human losses and a large number of army war invalids and families of deceased soldiers. The fundamental problem with the large spending on war veterans is the very low threshold of the entitlement criteria.

In the 2006-2008 Mid-term Expenditure Framework, the following funds were envisaged for social protection:

Table 17.
Total Annual Allocations for Social Programmes in BiH, 2003-2008

	Level	2003	2004	2005	2006	2007	2008
FBiH	Allocation for social welfare in millions KM	1,265.4	1,388.0	1,497.1	1,519.6	1,565.1	1,682.5
	% GDP	15.2%	16.1%	16.3%	15.4%	14.8%	14.8%
RS	Allocation for social welfare in millions KM	492.8	594.0	630.7	678.9	709.5	742.8
	% GDP	13.3%	15.1%	15.0%	15.0%	14.7%	14.3%
TOTAL	Allocation for social welfare in millions KM	1,758.2	1,982.0	2,127.8	2,198.5	2,274.6	2,425.3
	% GDP	14.6%	15.8%	15.9%	15.3%	14.7%	14.6%

Note: This includes both budgetary and extra-budgetary funds.

The envisaged increase in funds with a relative decrease in GDP percentage is a positive development but in itself does not represent reform of the social welfare system. In the context of EU association it is more important to focus reform on its active role in social inclusion. The envisaged BiH Social Inclusion Strategy should be an important step in that direction which would fulfil the preconditions to prepare and sign a JIM with the EU. When preparing the Social Inclusion Strategy, special focus must be placed on the basic problems already identified in the Mid-term Development Strategy (May 2006).

The key priorities are:

- There is neither legislation nor a state-level ministry to harmonize the criteria and standards of social welfare. Regulated social welfare only exists in practice at Entity level.
- Federal legislation allows cantons to pass their own legislation in this field according to their own needs and abilities. Consequently, the conditions to be met for a person to become a social welfare beneficiary and the amount of funds to be received as part of that entitlement are not defined equally but rather depend on cantonal legislation and economic development.
- Disabled war veterans in both Entities are categorized in ten categories, while other persons with disabilities are categorized in only five categories. Disabled war veterans are entitled to a payment if their health is 20% damaged, while ordinary civilians are only similarly entitled if their health is 60% damaged.

This is a clear example of inequality and the social exclusion of civilians with disabilities.

- In FBiH, social programmes (except the Law on Rights of Veterans and their Family Members) are financed from the cantonal budgets which results in different allocations for social programmes, depending on the budget of the given canton and its economic development. It is expected that funding for child protection will be transferred to FBiH level.
- In RS the existing law regulates social welfare equally throughout the whole territory. However, funding for the majority of social programmes is done from municipal budgets, which means that some municipalities do not pay all the benefits. This is because municipalities with bigger budgets have fewer potential beneficiaries and vice-versa.

At the risk of oversimplification, it can be claimed that the most significant disparity in terms of social group status (and accordingly the level of financial and other assistance) is between war veterans with disabilities and civilians with disabilities.

The lack of harmonization of benefit entitlement criteria for disabled war veterans according to EU standards and the differences between the rights of civilian and war veterans with disabilities led to the cancellation of SOSAC II (Social Section Adjustment Credit) by the World Bank, worth US\$50 million.

3. The Pension System

Inclusive social policies in BiH should pay particular attention to the elderly because of the growing trend of poverty within this group. Equally, society owes an absolute duty to the retired to secure their social inclusion.

To assist elderly people to participate actively and extensively in society in order to achieve an active and dignified life as senior citizens, we must establish:

- An elderly-friendly physical and social environment;
- Expanded access to public services;
- Reinforcement of participation in the local community;
- A change in social attitudes towards senior citizens;
- A movement towards inter-generational solidarity.

An important facet towards ensuring social inclusion of the elderly is pension system reform. The difficulties within the current BiH pension system reflect the extremely poor state of employment, the public expenses allocation structure and the inability of the country to modify the pension system in line with the prevailing social and economic conditions. In the Citizens Platform of GROZD,¹³⁶ several proposals were made for government action to take place by the end of 2008.

- Pensions for those who receive a minimum guaranteed pension will be at least 60% of the average income (2004 rate), or a minimum of KM 250 per month increased in line with annual average cost of living increases, and be not less than 45% of the average salary at state and Entity level;
- The average growth of pensions will provide equal improvement for all pensioners in such a way that the growth of average pensions by 2010 will provide an average pension which is close to 75% of the average monthly salary.

¹³⁶ GROZD, *Citizens Platform*, ibid

- Total public income for pension insurance is to be 10.5% of GDP, which would mean a minimum increase of KM 234 million in public pension financing, to be increased according to the growth of GDP.

To improve the material status of pensioners, it is important to ensure growth in employment, not only through active employment policies but through:

- Creating conditions for a single pension policy in BiH providing equal rates for all;
- Harmonizing a law on pension contributions to provide a single rate for contributions which would alleviate the current difficulties in this regard in the labour market and may help increase the overall employment rate;
- Establishing special measures to encourage the employment of the elderly (aged 64 and over) to ensure greater participation of the population in the labour force.

4. Gender Aspects of the Social Protection System

Poverty is present to a greater degree among those women without paid employment. The poorest women are elderly single women aged 65 and over without any income.¹³⁷

The NHDR-2007 research showed that women are more exposed to employment uncertainty than men, and that their employment offers lower wages and less job security. More women (30%) had been unemployed in the last half year than men (40%). Women (82%) are more often employed as temporary workers than men (76%). Women (65%) also have more difficulty finding another job after they lose their current employment than men (54%). There is a widespread belief in BiH that women participate in the grey economy far more than men. However, the NHDR research did not support that assumption but showed that the difference between men and women in this respect was no more than 6% among all respondents (19% women; 13% men). On the other hand, 57% of women questioned said that they did not receive employment benefits for the full amount of wages paid to them, compared to 73% of men. Women are also more frequently registered as getting the minimum wage (35%) than are men (22%).

Exclusion due to poverty is more quickly experienced by unemployed men (43.6%) than unemployed women (26.0%). One-member households, where the person is 65 years of age or older (28.8%), and one-member female households (28.6%) also are more at risk of falling below the poverty line.¹³⁸ According to the survey, more women have no income (39%) than men (22.4%).

Women with disabilities are less involved in social life than men: fewer are married and are often considered incapable of starting a family. Women with disabilities have a greater need for home help. Although the question of reproductive health and parenthood is equally challenging for both men and women with disabilities, the approach health workers take is to try to persuade women not to expand their family.¹³⁹

Among persons with disabilities (excluding those incapable of work, pensioners and war veterans) the number of housewives is significantly greater (31.4%) compared with those who are not (21.6%), while the number of school and university students is much smaller (1% compared to 11.2%).¹⁴⁰ Women's civil society organizations

¹³⁷ MTDS 2003, Loskhin and Mroz 2003. Laeken Indicator 1a: Risk of poverty rate according to age and gender. This indicator shows that persons 65 or older are the category of population most at risk of poverty according to income. 31.4% of persons who are 65 or older, or almost every third such person, is at risk of poverty within this group. Women are poorer (32.7%) than men (29.7%).

¹³⁸ Laeken Indicator 1b

¹³⁹ 'Support to Disability Policy Development in BiH', Seminar on Gender Analysis of Disability, April 2006, Sarajevo.

¹⁴⁰ Preliminary analysis of Laeken Indicators, NHDR 2007.

supporting people with disabilities have a sound reputation. It is important that this work is recognized and built upon. Women's groups have a real potential of delivering services to increase the social inclusion of disadvantaged women.

From the gender perspective, in order to strengthen social inclusion as part of social protection, the following recommendations are important:

- Ensure better development of gender policies, especially in the field of disabilities;
- Build up the capacities and gender-awareness in the Centres for Social Work;
- Provide support to the non-governmental sector.

5. Summary and Conclusion

The social protection system in BiH is rendered largely inefficient because of the lack of focus on individual beneficiary needs, underdevelopment of the system, insufficient capacity of the CSWs, absence of a coherent social policy, and lack of equal standards and criteria at state level. As a result, the key points to be addressed within a social policy for BiH can be summarised as follows:

For effective development of an efficient and equitable social protection system in line with EU standards, particularly in the context of the Stabilization and Association Agreement, social policy management should be reformed. Standards and policies in this sector must be harmonized and institutional preconditions for such harmonization need to be implemented at state level.

More efficient financing of the social protection system must be a core objective. A balance must also be found between funding war veterans and disabled war veterans, and funding for all other beneficiaries of social protection. This will require a gradual increase in providing assistance based on a review of the financial situation and the needs of the potential beneficiary, thus providing a social safety net for those who are at risk of poverty and exclusion.

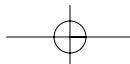
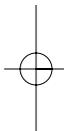
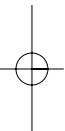
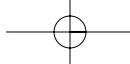
At the same time, securing better service delivery requires attention. This is best done by enhancing CSWs and their partnerships with NGOs. Social policy reform should be based on a mixed system of services, focused on a beneficiary-oriented approach, and with a clear role designated for public institutions, civil society organizations, the private sector and volunteers.¹⁴¹

Another important part of social welfare reform is to focus on local communities (municipalities) and to develop a mixed welfare system which would include CSWs, NGOs, the private sector and other public institutions. The engagement of local participants is particularly important to create a social welfare network, thus mobilizing additional resources over and above public funding. This will also help create a new quality of social work that focuses on services and clients.¹⁴²

Finally, BiH policy makers need to grapple with the emerging issue of poverty in old age, and the funding of basic pensions. This is an issue faced elsewhere in Europe but one which tends to be neglected in BiH in the face of other pressing needs. Yet without action, this problem will start to threaten the sustainability of the entire social protection system.

¹⁴¹ For more details see: DFID, EC Delegation to BiH, World Bank, FMLSP, MHSWRS: Publications from 'Conference on Social Policy', Sarajevo, January 31, 2006, and 'Social Policy Round Table', Sarajevo, April 7, 2006, and *Slovenia - National Action Plan on Social Inclusion NAP/Inclusion (2004-2006)*, Ljubljana, July 2004.

¹⁴² See: World Bank, *BiH: From Dependence on Aid to Fiscal Sustainability*, October 2005, p. 17 (local language version).



National Human
Development Report

2007

Social Inclusion
in Bosnia and Herzegovina

CHAPTER 9:
**POLITICAL
PARTICIPATION**

CHAPTER 9: POLITICAL PARTICIPATION

This penultimate chapter addresses the vexed question of political exclusion in BiH, a theme we touched on previously in Chapter 3 in terms of political and administrative ethnicization. Here we seek to offer a broader examination of the quality of participation and action within what might be referred to as the 'public or civic space'. This we take to include civil society organizations, the media and the formal political process.

The chapter examines each of these areas in detail, followed by an extended conclusion. Acknowledging that this is both controversial and unfamiliar territory, we begin with a discussion of the key concepts and how they relate to our overall goal of promoting broadly-based social inclusion in BiH. Throughout the text we have mainstreamed consideration of gender issues and the position of excluded groups.

1. Key Concepts: Participation, Civil Society and Public Space

At the heart of questions about political inclusion is the notion of free and open participation within civic life. This operates at a number of levels, from articulating a political voice and lobbying elected representatives, to voting, being a member of a civil society organization or taking part in direct political action. Within a pluralistic democracy, public space is effectively an arena in which policy is developed, consulted over and determined. It is within this space that different agents - civil society organizations, individuals, social movements and the state - interact. The extent and the quality of participation govern the level of inclusion.

By 'civil society' we mean the collection of non-governmental groups. This also includes political parties and the press which operate within the political arena. Civil society, and more directly the interest group process, play a pivotal role in promoting participation and inclusion within a liberal democracy. This is achieved through their role in generating ideas and then arbitrating among competing claims. Securing a vibrant and productive civil society is no easy feat, however. It is not simply some constellation of social relations which arises as a country reaches a certain stage of development. It is rather a product of the social and public matrix which, depending on the precise conditions at play, is realized to a greater or lesser extent.

Moreover, a significant note of caution is required about this understanding of the political arena. The traditional pluralistic notions which identify observable participation with inclusion are far from being the whole story. What these neglect is an understanding of political power and its distribution. Traditional notions take as given an open society with an active civil society as a guarantor of inclusion. Yet the excluded, by their very nature, lack power. Thus they do not fail to participate because of any physical barriers to organization or to voting, for example, but rather because they lack political and economic resources. They may, for example, be the materially poor, alienated or socially stigmatized, who see little point in opposing powerful interests. Securing real political inclusion, therefore, imposes a stronger duty on the state: that of acting as an arbiter, balancing powerful interests groups and actively consulting with the excluded.

2. Civil Society Organisations and Interest Groups

a) The Legal Framework and Shape of BiH's Civil Society

The BiH constitution, as well as those of the Entities and cantons, guarantees freedom of assembly and association. The state constitution also guarantees the highest level of internationally-recognized human rights and fundamental freedoms. As for local legislation, the Law on Associations and Foundations in BiH was adopted

in 2001. Prior to adoption of this act, the issue was only regulated at Entity level. BiH, in the formal sense, places no restriction on the rights of organization of interests and civil society groups.

The sector is also large and diverse. According to the statistical institutes in RS, FBiH and Brčko District (2005), a total of 9,095 NGOs are registered, out of which 4,629 are active. Of these, 6,658 organizations are registered in FBiH and 2,437 in RS including 101 NGOs from Brčko District). These organizations fall into a number of different categories. They are often providers of key social services, are non-profit oriented and include business associations and employers' associations, professional associations, unions, religious organizations, political organizations, special interest groups, sports organizations and so on.

The first NGOs in BiH emerged during the war years. There were in fact two phases of NGO creation. In the first phase, immediately after the war when the greatest increase took place, most NGOs were local offices of international organizations. Then from 2000 onwards the number of local NGOs started to increase. However, only half of all registered NGOs are actually active. Taking into account the total number of registered NGOs, there is one NGO to every 417 inhabitants. By comparison, there are one for every 426 inhabitant in the UK and 250 in Hungary. While this is a positive situation, if we consider just the active NGOs, then that ratio would be approximately one NGO to every 820 inhabitants.

The overall revenue of the NGO sector in BiH constitutes 4.5% of GDP - more than one-fifth of industry's share of GDP (18%). The economic strength and significance of the NGO sector is therefore considerable. The estimated overall number of full-time staff in the NGO sector is 26,668, i.e. 2.3% of the active labour force. If we add the estimated number of volunteers working on a full time basis - 63,129, constituting 5.36 % of the active working population - we can assume that 7.66% of the active labour force is working in the NGO sector as paid workers or volunteers.¹⁴³

The table below provides data related to the sectoral distribution of NGOs. This is done according to the standard EU NACE statistical classification of economic activities. The table clearly indicates that there is a wide range of activities being undertaken.

Table 18.
**Number of Non-governmental Organizations according to NACE Qualifications
made by the Statistical Institutes in FBiH, RS and Brčko District**

NACE CODE	NACE DESCRIPTION	FBiH	RS	BiH
85.3	Activities of social work (with or without accommodation) but not private or public	961	93	1,054
91.11	Entrepreneurial and employment organizations	157	25	182
91.12	Professional organizations	220	179	399
91.20	Unions	1,270	25	1,295
91.31	Religious organizations	138	10	148
91.32	Political organizations	722	39	761
91.33	Other organizations (membership)	2,039	1,381	3,420
92.62	Other sports activities	1,151	685	1,836
TOTAL		6,658	2,437	9,095

¹⁴³ See: BHAS, FOS and RSIS within the DFID project 'Labour and Social Policy in BiH', *Qualitative Study 3-Employment, Social Service Provision and the Non-Governmental Organization (NGO) Sector-Status and Prospects for Bosnia and Herzegovina, Analyses and Policy Implications*. BSAL/IBHI, Banja Luka/Sarajevo, May 2005.

b) CSOs and Gender issues

One particular facet of the NGO community in BiH is the strong representation among its ranks of groups involved in gender issues, specifically women's groups. These groups swelled in number during the post-war period, while at the same time gender mainstreaming elsewhere in society, and the impact of these groups on public policy, has been limited. There was a severe lack of communication between women's NGOs, NGOs in general and governmental bodies. On the one hand, the government did not react to requests and initiatives for representation by women's associations, and on the other, women's groups were hesitant to approach official bodies on any level for fear of losing their independence.

BOX 12: GENDER MAINSTREAMING IN BIH

One of the main characteristics of the BiH Gender Law is the institution building clause. Article 23 of the Gender Equality Law states that the state-level Gender Agency shall be created in order to monitor the implementation of the Law under the aegis of the state-level Ministry of Human Rights and Refugees (MHRR). At Entity-level, the Gender Centre of the Federation of BiH (GC FBiH) and Gender Centre of Republika Srpska (GC RS) have been monitoring and implementing the Law in cooperation with the NGOs, and reporting annually to the MHRR.

The Agency for Gender Equality of Bosnia and Herzegovina (BiH Gender Agency) was launched in May 2005, as a main body to supervise and coordinate implementation of the Law. The institutional development has marked a number of processes that have resulted in significant improvement of BiH gender mainstreaming and also increased capacities of its primary actors - the Gender Agency, both Gender Centres and Parliamentary gender commissions as well as, importantly, civil society organizations (CSOs).

The most significant achievements are:

- BiH Gender Coordination Board
- BiH Gender Mainstreaming Strategic Plan
- BiH Gender Action Plan (GAP)

The role of the Agency is, among others, to initiate procedures for the achievement of gender equality and equal gender representation in close cooperation with the Gender Centres of FBiH, the Gender Centre of RS and civil society organizations. This has resulted in changes and amendments to existing legislation in BiH in accordance with the Gender Equality Law, as well as with the regional and international legal documents and regulations of the EU.

Box submitted by the UNDP Gender Programme.

However, in recent years cooperation between government and the NGO sector has become more active, largely due to the emergence of functioning tools and mechanisms of consultation. Women's groups are now heavily engaged in the drafting of, and lobbying for, new policies and laws. Specific institutional mechanisms established with a mandate to integrate gender issues and monitor implementation of commitments to gender equality, are an example of the sorts of policies a progressive state concerned with political inclusion ought to deploy. These have included setting up state and Entity gender centres and agencies, and legally-binding public and civil laws (see Box 12). There has also been some detectable movement within the NGO community in the field of gender mainstreaming.¹⁴⁴

¹⁴⁴ Although female activism has been present in BiH for 90 years, it was never involved in mainstream issues or action for change until after the recent conflict. See more: *NHDR Millennium Development Objectives BiH-2015*.

c) CSOs and Exclusion

At many levels, BiH's NGO sector is in good health; it is sizeable, has financial weight and has developed a diversity not seen elsewhere in the region. There is much to be positive about. NGOs are active in involving people, delivering services and campaigning on key issues. However, to describe the sector as fully developed, in the sense that it serves the conception of political inclusion as described earlier, would be misleading. Although the sector has acquired a mass and breadth of activity, it still lacks depth and a certain maturity.

Table 18, which sets out the structural make up of NGOs in BiH, also illustrates this point. CSOs are focused on the delivery of social services while other areas, especially political action and policy formulation, are neglected. Our focus of enquiry here is the sector's contribution to promoting political participation. NGOs have exerted far less influence on politics, accountability and transparency of the ruling authorities than they have in the area of service provision, although often these are targeted on other forms of inclusion (see Box 13). Indeed, after stripping away political parties and their associated groupings, the special-interest group organizations are relatively few in number.

It is also true, however, that there is a strong public policy component to the work of the mainstream NGOs, especially those engaged in activities related to attenuation or amelioration of the consequences of the war (humanitarian aid and the return of refugees and DPs). It is also the case that there are increasingly more NGOs whose work indirectly relates to presenting alternative political ideas to that of the ruling political elite. Such NGOs have organized a large number of public debates on important social issues such as economic reforms and development, educational reforms, tolerance, gender equality, the status of youth in BiH society, participation of women in politics, perspectives of multi-ethnicity in BiH and European integration. These organizations are involved in the enactment of various laws and participate in practical activities, monitoring implementation of the adopted laws. This is particularly pertinent to the activities of youth organizations, women's organizations and those organizations directly dealing with human rights. Yet these groups and activities are nascent in character, tending to focus on negative campaigning as opposed to offering positive, workable alternatives. The heavier and weightier policy work undertaken is also of a relatively weak quality, lacking substance and gravitas.

Thus, although these developments have opened up new perspectives and a greater degree of political participation by citizens, the NGO sector has tended to pay more attention to the criticism of nationalistic ideologies and politics than to presenting alternatives or the explanation of new ideas.

The relationship between the international community and the NGO sector also requires examination. The impact of international involvement has had a mixed effect on the sector. Whilst initially, the IC presence expanded and bolstered activity, a number of NGOs reduced their engagement just to the formal implementation of projects and fulfilment of the requirements of one or another donor. In essence, the role of such NGOs is merely that of being a contractor for their donors. Ultimately such a situation should become a driver of social exclusion whereby citizens feel that not only the ruling structures are failing to resolve the truly difficult issues, but also the non-governmental sector. Yet foreign funds are now in decline and so too are many client-based NGOs. This should lead to an increased awareness of civil society roles and processes. On balance, however, the NGOs in BiH have gained much from the IC support to the sector.

BOX 13: ROUNDTABLE ON SOCIAL INCLUSION - THE STRATEGIC ORIENTATION OF NGOs

A Roundtable on 'Social Inclusion - the Strategic Orientation of NGOs' was organized on 2 June 2006 at Jahorina. Representatives of non-governmental organizations (21 NGOs from BiH, beneficiaries of the Swiss support programme for NGOs in BiH, SDC/IBHI) analyzed the need to formulate systematically the experiences of everyday application of social inclusion in strategy documents, thus providing for universal application of this concept independent of current ongoing projects.¹⁴⁵

The following recommendations were made:

- The difficult situation within the social welfare field can only be overcome through the joint efforts of all stakeholders, and not by the individual and isolated efforts of individual institutions/organizations.
- Non-governmental organizations and public institutions, the main players in the field of social welfare at the local level, have compatible capacities to promote the principle of social inclusion of endangered groups and individuals and to raise awareness within the wider community about active participation in the fight against social exclusion.
- Bearing this in mind, the cooperation and coordination of non-governmental organizations and public institutions is essential.
- The importance of orientation towards social inclusion principles additionally originates from the requirements of the European Union, as formulated in its White Paper. Non-governmental organizations must take a more active role in profiling local policies to harmonize BiH legislation and social practices with EU requirements.
- The importance of NGO participation in promoting social inclusion principles is reinforced by their wider orientation, which is not just limited to persons in need of social welfare but to wider social forces. This approach has two main advantages: (1) Unlike other stakeholders, NGOs can raise awareness among various layers of the community about the needs of socially neglected groups and individuals through public campaigns, encouragement of volunteerism, etc.; (2) NGOs can articulate the ability of excluded groups for self-help.
- NGOs must bear in mind the mutual, although not identical, aspects of inter-dependence of social exclusion and poverty. Although the activities targeting the reduction of social exclusion resulting from poverty are important elements of NGO work, it is equally important to influence those elements of exclusion that are not only the consequences, but also the causes, of increased poverty.

¹⁴⁵ In May 2006, 22 non-governmental organizations from all over BiH which are part of the Swiss programme of support for NGOs in BiH, decided to launch an initiative to establish a Fund for Social Inclusion, which would be funded by the state bodies from VAT-revenue. Using this financial and technical assistance, the Fund would promote NGO activities in the field of social inclusion, based on examples of good practices of cooperation between NGOs and other stakeholders, primarily the public institutions. The Platform for Initiative for establishing the Fund takes its lead from the positive experiences of countries which have created similar funds. The draft is currently being agreed among the core group of 22 NGOs and will later be circulated among other NGOs, public institutions, authorities and citizens. It should also be noted that the first publication on Social Exclusion in BiH was *Social Exclusion - Positive Experiences of the Swiss Programme of Support for Non-Governmental Organizations in BiH*, SDC/IBHI, Sarajevo, January, 2006.

Before moving on, it is worth returning to our brief section on gender-based issues. Experience here has shown some very progressive developments, whereby the state took on the duty to facilitate and encourage participation by direct engagement. As a result, the women's movement is moving forward and developing a series of channels to support political inclusion. However, as yet this approach by the state and NGOs has not extended to other organized excluded groups - Roma, youth and so forth.

3. The Media

A vibrant, responsible, accessible, and relatively unbiased media sector is necessary to achieve social and political inclusion in any society. Aside from holding authorities to account through the process of informing the public and promoting democratic values, the media also represents a method of communication between the citizenry and those in power. Thus, public communication is an integral part of political power in a healthy democracy. The media acts as a watchdog of the powers that be, an information source for the public and a facilitator of the participatory process. In this way a properly functioning media sector makes an invaluable contribution to the establishment of so-called 'discursive ethics', which are at the core of any inclusive and open society.

Unfortunately, a responsible and relatively unbiased media sector has proved difficult to achieve in BiH. The war and associated intense social turmoil during the 1990's was largely a product of political propaganda, delivered to a significant extent via the media system. Thus the media, as much as other political or economic aspects of society, was also in need of a democratic transition, from the 'rule of ideology' to the 'rule of rights'. Although it is beyond the scope of this report to analyze where exactly BiH's media sector is on its development path toward maturity, it clearly has some growing to do.

According to the Communications Regulation Authority (CRA), in 2005 there were 188 licensed radio and television stations in BiH. Of this number, 146 were radio stations and 42 TV stations. These include three public broadcasters, BHT (the state broadcaster), RTRS and RTVFBiH (the Entity broadcasters). Programming of these public channels is mainly dominated by political content (26%-30%), followed by films (17%-30%), and then entertainment and sport. Topics such as culture, education, and youth issues are rather poorly represented.¹⁴⁶

As far as the print media is concerned, there are eight daily newspapers published in BiH, as well as a considerable number of weekly magazines, some of which have informative political content (Slobodna Bosna, Dani, Reporter) while others specialize in specific topics for specific groups (e.g. women's magazines, sport journals). In addition, approximately ten daily newspapers and several magazines from Serbia and Croatia are available in BiH. Unlike television, the print media generally exerts only a modest social influence. This is less a matter of trust than it is a decision driven by economic concerns or cultural issues. Buying newspapers is much more expensive than watching television, and all Balkan narrative cultures historically have been 'orally-based'. Around 20% of the adult population does not read daily papers, while 20% read one less than twice a week.¹⁴⁷

The privatizations associated with BiH's economic transition have not created a relatively unbiased media sector. To a degree, its autocratic heritage remains intact. A large part of the media system remains under the direct control or at least the strong influence of ideologically-driven agents with nationalist agendas. The result is the production of exclusivist narratives that a significant part of the population accepts and reproduces as their own life-view. Alternatively, the reaction of another group of the population to such biased content is an almost total distrust of the public media communication system, a view exacerbated by the memory of historical media misuse. Both of these groups, although different in their worldviews, indirectly support a single, so called

¹⁴⁶ Reports of public broadcasters in BiH for 2004.

¹⁴⁷ Mareco Index Bosnia, 2004.

'aggregative model' of media behaviour that is exclusive in its nature.

Today, the Public Broadcasting System (PBS) is seen as a democratic means of expression acting in the public's interest. But in the current environment in BiH where the very notion of 'public' is reduced to its ethno-national dimension, there are in fact three separate 'publics'. In practical terms, the independence of these media is possible only to the extent that the professionalism of the staff and CRA oversight makes it so. Despite the CRA's mandate, the promotion of democratic values is being carried out in a very particular manner. The ruling hierarchy exerts significant influence in this respect and the dominance of the ethnic matrix is readily apparent. Thus, universal democratic values are frequently presented as the sole property of one or another constituent ethnic group and/or their political representatives.

Finally, what are the necessary reforms the media sector needs to put forward in order to become more socially inclusive and open in a society where allegiance to one's own ethno-national group is taken as the norm? It is obvious that there is no simple remedy for the existing problems. But a few steps leading towards greater public participation in the dominant discourses of power, exercised through media narratives, could make a difference:

- Achieve an 'enlightened understanding' of the political process by the general public. The legacy of the former communist system, characterized by a strong divide between the state and the individual and the absence of the civil sphere, is a politically hermetic decision-making process whereby input from the citizenry is neither requested, nor offered. This paradigm, where decisions are communicated only after their formulation by political elites, remains in place today. The media must make a contribution to shifting this paradigm, by encouraging greater public participation in the country's decision-making processes. To achieve this, more profound, detailed and socially-variable reporting is needed and this will require the additional education of journalists and editors;
- Ensure the effective participation of citizens in setting the media's agenda. This is of particular importance for the vulnerable and marginalized groups of citizens. Special attention needs to be paid to the most excluded groups in society, such as youth, people with disabilities, and minorities. Positive discrimination should be exercised in order to assist their adequate inclusion into society's mainstream. Media content must be made relevant for both genders, people of different religious and cultural backgrounds and those of various civic and identity preferences. The best way to ensure that this becomes a reality is for representatives from these disparate segments of the population to be actively involved in the content production process. One reactive mechanism through which this may be achieved is through letters to newspaper editors or programming directors of television stations. However, this method is only effective to the extent that representatives from these various groups take the initiative and that their voices and comments are taken into account and acted upon. Pro-active steps are also required. Media management and editorial board members should initiate a series of meetings with representatives of various social groups to formulate a more socially inclusive agenda. Open 'town hall' meetings would also be useful. This process should be carried out in an open and communicative manner, where all groups work together to align their cultural strategies between themselves and the common public interest;
- Promote political equality of all individual interests in the public space of BiH. It is also important that all media sources, no matter their ownership character, promote the equal status of all citizens in the entire political space in the country. The media should be oriented rather more towards political deliberation than the political representation of culturally defined groups;
- Promote the concept of citizens exercising final control over the political agenda formulated by the government. None of the segments of the political agenda must be enacted without offering an opportunity for public discussion, facilitated by the public media. This is an especially important role for

the Public Broadcasting System. The media must act as a pressure group of citizens towards the government, perhaps by creating bridging media programmes which would serve as a permanent forum for citizens' responses to their government's actions and plans.

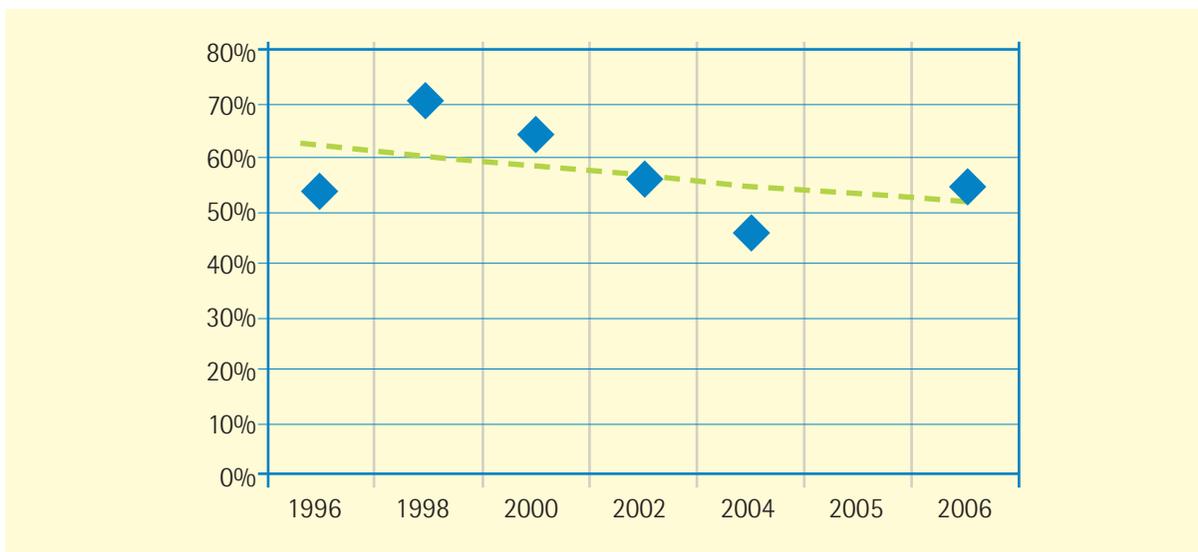
To improve the level of social inclusion in BiH, the political space must be operating in a healthy, transparent and inclusive manner. A major component necessary to achieve this is to have a vibrant, responsible, accessible and relatively unbiased media sector. The achievement of the social inclusion agenda is therefore intertwined with the development of a professional, mature media sector. The importance of public deliberation to a society in pursuit of greater social inclusion should not be underestimated. Thus the role of the media will remain pivotal in the future.

4. The Electoral Process and Formal Politics

The formal political process represents the larger arena in which individual and collective action take place. Views of the state's relationship with civil society vary but all see the two as separate but intrinsically linked. The act of voting, campaigning and standing in elections, and ultimately holding public office, are core acts of political participation. The extent and quality of each provides the best barometer of inclusion.

As in civil society, these sorts of participation at face value appear to be strong in latter day BiH. Elections are taken seriously, political parties are active and well-organized and campaigns are hard fought. But it is also possible to discern a growing disjuncture between formal politics and civil life. Electoral turnout rates, although still healthy at around 54%, are in decline. Many, especially the young, are disinterested in modern politics, and this disinterest in some quarters, notably among excluded groups, amounts to an absolute withdrawal from the political process.

Figure 9:
Turnout Rates in BiH



Many factors underpin this situation. Our view is best summarized in terms of the arguments we set out in Chapter 3, and the ethnicization of political space, yet other forces are also at play. While we return to these points in the commentary section below, in order to make our discussion richer, we first consider the constitutional framework and the role which political parties play.

a) The Constitutional and Legal Context

The right to collective association and free expression of political will at elections, the founding of political parties, formulation of political programmes and campaigning are all enshrined in the constitutions of BiH, FBiH, RS and Brčko District. The key set of statutes is the laws on political organizations and the BiH Election Law. Based on these laws, a number of by-laws have been adopted to regulate operational or technical issues related to the founding and functioning of political parties at election campaigns, candidacy procedure, financial issues, etc.¹⁴⁸

The constitutional and legislative acts provide for citizens to participate in the political process through elections, through working with political parties and participating in government. However, the inherent discrimination contained in the constitutional foundation of BiH (discussed extensively in Chapter 3) is powerful. Thus, the BiH Election Law (which has to be in compliance with the BiH Constitution) reproduces ethnicization and the territorial nature of political participation because it is based on BiH's constitutional settlement. This exerts a pervasively malevolent effect over the whole political arena.

Serious normative limitations of political participation are in place with discrimination in passive and active voting rights and in exercising legislative and executive powers. This reaches its zenith in the concept of vital national interest. Within existing legislation, there is discrimination against national minorities and therefore the normative sphere limits political participation. This is particularly the case with regards to elections and political engagement through the activities of the main political parties.

b) Political Parties and Elections

Since the signing of the Dayton Peace Agreement, BiH has had either general or local elections almost every year. As a democratic form of political participation, elections should serve as an opportunity for the expression of political will of the widest circle of citizens and therefore map out the political climate and the direction of social change. The electoral process also offers a complement and counterbalance to the activities of interest groups, ensuring that choices and the government which emerges are based on a broad democratic coalition.

The first post-war elections in BiH were held in 1996 under the patronage and organization of international community institutions. At these elections, the nationalist parties (SDS, SDA and HDZ) won convincingly, acquiring 66% of the mandate. A total of 2,174,592 people voted at these elections for 92 political parties, eight coalitions and 155 independent candidates.

From a political viewpoint, these elections were marked by a high turnout, with a clear division among representatives of the nationalists and the representatives of alternative unifying ideologies, primarily that of the Social Democratic Party. The high turnout of voters was to be expected, as the citizens of BiH were highly motivated to contribute to the make-up of a government which would take power immediately after the war. As we have seen, since then turnout rates and wider participation has declined.

In subsequent elections, domination by the nationalist parties was solidified. Yet at the end of the nineties, a

¹⁴⁸ For more, see: *Assessment of the Development of Democracy in BiH* (Procjena razvoja demokratije u BiH), OSF BiH, Sarajevo, 2006, pp. 141-144.

growth of political influence of the Social Democratic parties (primarily SDP BiH and SNSD) was observed. At the latest elections in 2004, these parties triumphed at the expense of the nationalists.

At first sight, it seemed that this result showed positive tendencies. However, the ongoing political dynamic of ethnicization of the political space, reinforced by the amendments to the Entities' constitutions (see Chapter 3), deterioration of the economic situation, the law on the return of refugees and displaced persons and the 'apartheid' education system have all exerted a negative and dispiriting effect on people's minds. This has led to what can be described as ideological levelling. In order to benefit from the elections, those parties which had previously stood against the ideology of nationalism have now started to support the same policies as the nationalist parties. Nationalist-driven policies and the High Representative's Bonn Powers, which have acted to prevent the emergence of a proper opposition through which democracy could flourish, are the main reasons for the complex situation which has evolved.¹⁴⁹ The voters have therefore been placed in the position of having nothing to choose between in any ideological or political sense. The choice has been narrowed down to voting, versus abstaining - and the turnout figures bear out the growing popularity of the latter.

In addition to the ethnic distortion of the political process, BiH has also to contend with the attendant set of problems faced by all fledgling democracies in Eastern Europe - an underdeveloped political culture and poor institutional values. Politics in such a context is reduced solely to the brutal fight for power, as we have seen, with political parties lacking programmes, ideas, projects and vision. Winners treat the defeated parties vengefully, to say the least. Overlain with the ethnic divide, BiH political life is imbued with a certain bitterness. Political relationships are in effect a mirror image of the pre-political state - without talks, without dialogue and with political opponents having no respect for one another's position. Consequently BiH has been left without the constructive political culture which is necessary for a richer public space in which political participation can flourish.

A further by-product of this is the absolute exclusion of the 'different'. Political minorities - those outside of the narrow ethnic canon - are alienated and marginalized. The current political parties are thus only weak mechanisms for social inclusion.

c) Gender and Participation

As we have seen above, a coalition of forces has made progress possible on gender issues not evident elsewhere in the BiH political arena. The state-level election law, revised in April 2006, requires 30% of candidates to be women. In the context of open lists, this means that at least every third person on the lists must be a woman. One result of this quota has been a significant increase in women's participation in political life. The main policy document supporting this change is the Gender Action Plan (submission of the GAP 2006 draft to the Council of Ministers is pending), which consists of 15 chapters, ranging from macroeconomic policy, gender budgeting and the EU SAA process to domestic violence and IT issues.

In addition, institutional gender mainstreaming mechanisms have been established at all vertical levels of legislative and executive power (see *Table 19*). There are a total of 14 legislative-level bodies: the Gender Equality Boards of the House of Representatives of the BiH Parliament, House of Representatives and House of Peoples of FBiH Parliament, Equal Opportunities Board of RS House of Peoples, and ten gender equality boards of the cantonal parliaments. There are also commissions within 115 Municipalities. These work effectively to give a gendered perspective on public policy making, and crucially promote the participation of women's groups and individuals.

¹⁴⁹ In 1998, at a meeting of the Peace Implementation Council in Bonn, the High Representative was granted powers to dismiss politicians for obstructing the Dayton Agreement and to impose legislation. These became known as the "Bonn Powers".

Table 19.
Institutional Gender Mainstreaming Mechanisms Structure

	Legislative authority		Executive authority	
State level	Commission for Gender Equality of the House of Representatives of the BiH Parliamentary Assembly		Bosnia and Herzegovina Gender Equality Agency	
			17 appointees for gender issues (ministries and specialized institutions)	
Entity level	Gender Equality Commissions of both houses of FBiH Parliament	Equal Opportunities Board RS Parliament	Gender Centre Federation of BiH	Gender Centre RS Government
			29 appointees for gender issues (ministries and specialized institutions)	39 appointees for gender issues (ministries and specialized institutions)
Cantonal level (FBiH)	9 gender commissions within cantonal assemblies		8 boards for gender issues with in the cantonal	institutions
Municipality level	76 gender commissions within municipality councils/assemblies (97%)			29 gender boards within mayors' offices (48%)

Source: GEEP Final Report, 2006.

d) The Political Impact of International Supervision

Although the reach and articulation of international supervision are in decline, BiH's status as a de facto ward of the IC Peace Implementation Council has cast a long shadow over the political process. This has both structural and cultural dimensions that have increasingly negative dynamics. The implicit structural constraint of the High Representative's Bonn Powers serves to limit responsibility and sovereignty, while also providing an easy excuse for ineffective local politicians. In turn, international supervision and ongoing support promote a certain political apathy that can spill over into political disengagement. Indeed, one might argue that BiH citizens see little point in voting precisely because the act of voting carries neither real sanction, nor has any real purchase on decisions taken.

Looking forward, however, the progressive unwinding of international supervision heralds a new era for the BiH political process. Negotiating this important change and the advent of EU accession preparations offers a very real opportunity for BiH to graduate to becoming a functional, liberal democracy.

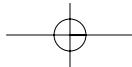
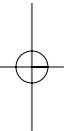
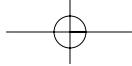
5. Summary and Conclusion

Looking at these issues as a whole - the functions of civil society institutions, the electoral process and political parties, as well as the media - flags numerous problems. cursory and positive examinations of the quality of the processes that make up the political space often prove to be illusory when probed. Yet equally, it is easy to underestimate the progress that has been made since the bitter conflict of the mid 1990s.

That political exclusion occurs in today's BiH should not be surprising to anyone. Yet we can also say that exclusion within the overall political setting is in part aided and abetted by the country's existing institutional matrix - and here we mean institutions in the physical and normative sense. The tangible omission constitutes the framework arising out of the Dayton Agreement, or more precisely BiH's failure to move forward from it. This tends to block the wider possibilities for inclusion from within. Until politics and political practices go back to the sphere of subjectivity, substantial change will be impossible. In the meantime those who should be the agents of change in the future will leave the political arena, if not the country entirely. Indeed, there is a whole cadre of able and civically-minded BiH citizens who purposely ensure that their personal, individual life is untouched by what we previously referred to as the 'BiH paradox'. It is important that these individuals and social forces become active. To achieve this requires progressive change which can only come about gradually through openness to external, but selected, reforms. Thus we argue for the following:

- First, that civil society and interest groups become more deeply focused on reaching results through discussion and consensus. This requires a mature approach and determined effort. Government is not a neutral party to this and must seek to consult and empower these groups. The gender reforms provide a blueprint for official engagement.
- Second, the BiH media needs to be both more rigidly independent and to behave far more responsibly. Mechanisms like self-regulation alongside greater leadership by the CRA would yield large benefits. Yet we acknowledge again that the administrative and political structure of BiH and its ethnicization lie at the core of the problem.
- Third, and most crucially, the formal political process requires cultural and institutional change. Specifically, we must reform those institutions which support the dysfunctional nature of the ethnically-based political arena and the political culture which pervades tribal politics. Untying this Gordian knot is a major challenge, and will not be achieved overnight. Yet this must be addressed, and progressively so, if political participation and political inclusion of the many is to be secured.

We close by noting that this type of reform can only succeed through leadership and policy actions. The examples of the gender-based measures underline the value of those progressive steps which can be made by the various levels of government acting in partnership with civil society. Another good example of inclusion with participation in the political life of BiH is the huge number of civil society organizations which have come together to form the movement GROZD (Citizens' Organization for Democracy). They did not participate in the pre-election process for the 2006 Elections, discussing or criticizing existing election programmes. Instead they created the *Citizens Platform for the 2006 elections - A Manifesto for Change*, and required political parties to accept and sign it. We underline that just as the state must take public provisioning as a serious role, it too must address that most basic of public goods - provision of a vibrant, open and functional democracy.



National Human
Development Report

2007

Social Inclusion
in Bosnia and Herzegovina

CHAPTER 10:

CHARTING A WAY FORWARD FOR BiH

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In this final chapter we seek to reflect on the themes and dynamics which characterize social exclusion in BiH today and we revisit our conclusions and recommendations for change in summary form. The chapter begins by outlining what we believe defines exclusion in BiH. We then set out a strategic vision for policy reform, which we argue should be signalled within an interim Joint Inclusion Memorandum (JIM). Finally we summarize sector-specific findings and recommendations.

1. Overall Reflections

Our analysis of the quality in life in BiH has yielded some paradoxical results. The economy continues to grow, with education and health outcomes showing ongoing improvement. Thus in aggregate human development terms, BiH is progressing well - so much so that on average it now ranks alongside those countries in the world with the highest human development status.

Yet social exclusion remains a pressing and urgent problem. Belying this aggregate progress is a series of social fractures, alongside a general increase in all manner of inequalities - income, wealth, educational performance and health status. Our summary statistic, the HSEI, suggests that over 50% of the population is socially excluded in some way. Moreover, measures of economic vulnerability, set in terms of poverty and proximity to poverty, unemployment and inactivity, show similar proportions. That a majority, or close to a majority, are socially excluded is unheard of in modern Europe.

We have also shown that the character of social exclusion and its determinants in BiH have their own specific characteristics. These are to some extent the result of the war and its consequences. This is felt most notably in the post-war administrative structures and the socio-political climate, which we argue is driven by ethnicization of the public space. Indeed, we underline the importance of the weak and divided political arena in promoting social exclusion and limiting the kinds of progressive changes which are central to building wider inclusion.

In addition we argue that social exclusion, particularly in material terms, is also driven by the transitional phase which the country is in, and an incomplete economic recovery; in short, that mainstream economic policies and weak social safety nets have failed to live up to the challenges posed by the transition to a market economy, the destruction of BiH's industrial base and infrastructure, and its compromised social capital.

2. Towards a Social Inclusion Strategy for Bosnia and Herzegovina

The starting point for a strategic approach to these issues must be to frame a definition of social inclusion which fits the domestic context. Our analysis has shown that exclusion in BiH is a complex web of institutional barriers for certain individuals or groups, matched with a lack of opportunity to overcome those barriers.

Thus, we can define social exclusion in BiH as **a process whereby certain individuals or groups are driven to the edge of society, prevented from living a decent life with full participation in society due to ethnic origin, age or gender differences, disability, financial hardship, lack of formal employment and opportunities, and/or lack of education. This distances them from access to health and social services, as well as social and community networks and activities. They have little or no access to power and decision-making and are thus unable to have any control over decisions that affect their daily lives.**

Analyzing the processes of social exclusion and multiple deprivations provides an understanding of the relationship between poverty and social exclusion, as well as between human rights and exclusion. In the first case, poverty is a determinant and an outcome of social exclusion. Similarly in the second case, exclusion represents a form of rights denial. Understanding these linkages offers up solutions for breaking out of the vicious circle in which the excluded often find themselves caught.

Strengthening social inclusion should be one of the basic strategic priorities of BiH's development policy. It is also important to maintain the commitment in the revised and adopted MTDS BiH (2004-2007) to create a social inclusion strategy. Linkages should also be made with the requirements of the EU integration process which entered a practical phase with the negotiations of the Stabilization and Association Agreement. Thus we advocate strongly for advance preparation of an interim Joint Inclusion Memorandum (JIM) for BiH. This can then form the basis of a formal JIM to support the final accession process.

Informed by the EU's Open Method of Coordination, the following objectives should be central to the BiH JIM:

- Ensuring adequate incomes for all families and individuals to live in dignity;
- Ensuring non-discrimination in all spheres of life - economic, political and cultural;
- Ensuring an inclusive labour market with decent employment opportunities;
- Ensuring quality education and life-long learning;
- Maintaining family cohesion alongside the promotion of gender equality and protection of individual rights;
- Ensuring equal access to quality services (health, transport, social protection, cultural, and legal services);
- Ensuring decent housing for all;
- Addressing the needs of those suffering from multiple deprivations and exclusion, whatever their social context.

Further, based on our analysis, the following policy priorities should be considered as a basis for the strategy adopted:

- Establishment of the normative conditions for strengthening social inclusion through reform of the BiH Constitution;
- Special focus on poverty reduction and social inclusion in all national development strategies and EU integration policies;
- Development of an inclusive economy with particular accent on active labour market policies and special inclusion policies for the inactive population;
- Implementation of the Gender Law;
- Reform of the health system, social welfare and pension system from the perspective of creating equal access and opportunities, especially for the currently excluded groups (i.e. people with disabilities, the elderly, women, Roma, and other minorities);
- Reform of the education system to strengthen quality education and to provide opportunities for lifelong learning;
- Support to civil society to promote the full political participation of the population.

These social inclusion policies for BiH should become a central component of negotiations with the EU and a formal part of the European integration process. It is up to BiH officials to place these issues within those discussions, as it is vital that the country acquires both the technical means of accession through fulfilment of the Acquis, and equally, the social, political and economic credentials of a modern and liberal European state.

Successfully managing this process and implementing the suite of policies targeted at social inclusion also requires careful monitoring and evaluation. The analytical work undertaken in the preparation of this report could form a basis for developing mechanisms for tracking progress. These are specifically: the Human Social Exclusion Index (HSEI), Extreme Social Exclusion Index (HSEI-1) and Long-term Social Exclusion Index (HSEI-2). These offer a general basis for monitoring. We also recommend the use of the EU Laeken Indicators (provided within this report), and a range of MDG and bespoke developmental indicators to address the different areas of exclusion which we have highlighted.

In the following, our specific recommendations for social inclusion policies for each reviewed sector have been summarized. Before this, we are keen to emphasize the importance of building a consensus and advocating for these ideas. We also consider it vital to listen actively to the views and opinions of the excluded and vulnerable. This amounts to a radical new approach to policymaking in BiH, one which targets action on including those who have been left out and left behind.

This publication aims to make a real contribution to the process. Marking the start of this support, a high-level conference on social inclusion took place in November, 2006 bringing together experts, policymakers and representatives of the excluded. The deliberations and outcomes of the conference are summarized in Box 14.

BOX 14: SOCIAL INCLUSION IN BIH - THE WAY FORWARD

The importance of social inclusion becoming a policy priority for BiH was discussed at a two-day conference in Sarajevo, 28-29 November, 2006, organized by the Directorate for Economic Planning, UNDP, DFID, SDC, and the EC Delegation to BiH. The aim of the conference was to gain a better understanding of what social exclusion means in BiH and to support the government and its partners in defining a socially inclusive policy agenda to address the problems of social exclusion at national and local levels.

The first day clarified the concept of social inclusion and its value to the development of BiH. It was concluded that social exclusion in BiH is a:

- better way of understanding disadvantage in BiH, as it looks at those outside the mainstream - those who are left out of societal processes;
- mainstream issue - the Social Inclusion Index shows that 50% of the population experiences exclusion in some form;
- process of rights denial caused by intentional and/or unintentional actions.

In this respect, social inclusion in BiH should:

- define the values of a society by recognizing that the quality of life of every individual matters, and place emphasis on social solidarity;
- be congruent with the concepts of human rights and human development;
- recognize that the state has a duty of care to ensure that individuals can enjoy a wide array of rights that are relevant to expanding the opportunities for a life with dignity and purpose.

Various representatives from excluded groups presented the main challenges which they face in BiH:

- Returnees explained that public service provision and legal frameworks are not effective in the return communities;
- The Roma felt that they are in a state of extreme exclusion, facing complete neglect from the authorities and political alienation;
- People with disabilities also experience official neglect from the authorities, and stated that there are insufficient legal frameworks to support their inclusion and patronizing attitudes;
- Gender exclusion is widespread throughout the labour market, education and political life; multiple deprivations create more severe forms of exclusion;
- The elderly face financial hardship and neglect;
- Youth and children feel that authorities ignore their needs and therefore they lack opportunities and have no faith in the future.

The second day focused on recommendations for a socially inclusive policy agenda for BiH. The major conclusions were:

- To integrate social inclusion concerns into a national policy and particularly into the EU accession framework (social *acquis* is as important as economic *acquis*) as a necessary precondition for making real headway in this area;
- Inter-ministerial cooperation and the participation of those who face exclusion is required in the planning, implementation and monitoring processes;
- An honest appraisal of social exclusion in BiH and concomitant action is compulsory;
- The NHDR has made the first step in this direction in diagnosing the situation in BiH, providing a monitoring tool, and presenting recommendations for a national strategy on social inclusion.

The conference concluded that BiH needs to make an early start to build capacities and mobilize all actors for the European Social Inclusion process, in order to be prepared to participate in the Open Method of Coordination. It was universally agreed that long-term development, conflict prevention and a competitive economy have one common denominator - social inclusion.

The Conference proceedings and related materials can be downloaded from <http://www.undp.ba>.

3. Summary of Sector Findings

a) Inclusive Economic Development

Economic insecurity and vulnerability are major determinants of social exclusion in BiH, with over 50% of the population suffering from economic exclusion.¹⁵⁰ Although BiH has enjoyed economic stability and growth in recent years, poverty rates remain stubbornly high and certain groups have not benefited from the increase in average incomes. BiH faces rising inequality which weakens the poverty-reducing impact of growth and pushes excluded groups to the edge of society. Those suffering from multiple deprivations in particular have few opportunities to break free from the cycle of exclusion. Understanding the processes and the complex drivers of social exclusion is

¹⁵⁰ Defined as those living below, or close to, the income poverty line

vital if real and lasting poverty reduction is to be assured. Yet additionally, economic inclusion is a wider concept than poverty reduction, requiring further actions to reduce vulnerability and secure social cohesion.

Inclusive economic development requires that sustained economic growth is matched with structural change, promoting the development of new competitive industries and sources of employment. This must be tackled alongside the use of active labour market policies and anti-discrimination initiatives to accelerate the employment of excluded groups and women. This in turn requires macro-economic stability and favourable conditions for investment such as improvements in the supply of credit, a sound business environment and progress towards compliance with the EU acquis. Inclusive economic development also means that strong emphasis must be placed on pro-poor measures - the active management of inequality and provision of opportunities for those at risk of exclusion. Particularly necessary, in terms of the labour market, is the need to bring in the currently high share of inactive or discouraged persons and to reduce long-term and youth unemployment.

In terms of creating a labour market conducive to inclusion, the following overall measures need to be taken:

- Promoting foreign direct investment, through an improved business climate;
- Expanding and better harnessing of domestic savings via improvements to the domestic banking system and the development of key missing markets, for example that of commercial leasing;
- Focusing on job creation through selective incentives (tax and otherwise) and key public investments;
- Providing higher and better quality investment in human resources;
- Supporting gender equality in terms of employment and wages;
- Combating discrimination, particularly against vulnerable groups;
- Closing income traps and improving financial incentives to reduce inactivity and welfare dependency;
- Reducing informal labour through supporting the transition of informal activity into the formal sector, including measures such as basic registration for small businesses;
- Providing support to enable professional and geographical mobility;
- Reducing barriers between regional labour markets.

In addition, specialized measures need to be developed and considered for particularly challenged groups. These are discussed extensively in the specific chapters but can be summarized as follows:

- For people with disabilities, where issues of access and discrimination drive labour market restrictions, we argue that employers need to be encouraged to take a new look at the employment of people with disabilities through a series of cooperative measures; equally, that the state has a duty to facilitate access to employment, whether in the physical sense by partially supporting adaptations in the workplace, or through education and training. Furthermore, more active regulation is needed such as stronger policing of anti-discrimination measures and statutes.
- The weak economic situation of the Roma is complex, with multiple causes converging. An approach to tackle this issue cannot focus just on one aspect but has to be multi-dimensional with an emphasis on health and education. A key issue in the area of employment is combating prejudices and discrimination within the wider community. Providing training opportunities is also vital, along with a raft of measures to reduce the Roma's economic alienation and lack of participation.
- Youth face extreme difficulty entering the labour market in BiH after graduation because they do not have experience and employers are hesitant to employ inexperienced people. In addition, vocational

training is not well aligned with current labour market needs. Tailored measures are therefore needed to enable young workers to obtain experience, either by part-time subsidized jobs or work-placements, or by further re-aligning vocational education with the labour market. The inadequacy of vocational education and training (VET) has long been an issue needing to be addressed in BiH.

Finally, we emphasize that an inclusive economy is one which is effectively regulated, incorporates an appropriate provision of safety nets and allows for adequate consultation and sound industrial relations. This rests on securing the necessary social agreement between employers, consumers and employees, implies that both modern employment rights and standards are adhered to, and that the necessary dialogue takes place while simultaneously promoting competition within the market place.

b) Education as a route to full inclusion

Our discussion in Chapter 6 underlined that a good quality public education is the best mechanism for preventing poverty, inequality and joblessness and hence a primary means of limiting economic exclusion. Yet equally, education serves a wider social and political function in promoting cohesion between citizens. This is especially important in a fractured society such as that of BiH. Moreover, at the individual level, being educated runs to the heart of quality of life considerations and human development thinking. We argue strongly that education should be undertaken throughout life, and not merely in school and college. Life-long learning is a means of maintaining social inclusion.

Our review of the current state of educational achievement in BiH highlighted the secondary sector as being the most important and the most problematic sector. Secondary education potentially has the highest inclusion payoff. It is effective, covers the whole school population and is the sector most connected with overall economic performance.

We also noted the importance of pre-primary schooling - especially where parental support is lacking - and the need for education to continue in later years. These two areas outside the mainstream educational system in BiH have generally become neglected areas of provision. Attention to this sector is crucial if we are to break inter-generational underachievement and exclusion.

To summarize, we make the following key recommendations:

- Stronger monitoring and measures to encourage successful completion of compulsory education. This includes building a partnership with parents to reduce the number of children dropping out of school and building better attainment and performance levels.
- Further reform of schooling, especially secondary education, to better align learning with skills needs. The quality of education must become an imperative, especially in secondary schools which need to be modernized (curricula and equipment) and adjusted to requirements of new technology.
- Structural and legislative reform should be given strong consideration with a view to reducing overregulated schooling and administrative units. This is to be achieved alongside adhering to new performance standards and enforcing sanctions against all forms of discrimination.
- Political influence within education should be avoided with special emphasis placed on combating the effects of confrontation between competing local political interests.
- Social education should be fully reflected in the curriculum. This should include raising awareness about affiliation to the state of Bosnia and Herzegovina, and the notion of equality of all its citizens.
- The abolishment of segregated schooling and ethnic-based curricula is necessary.

- Higher education reform should also be prioritized, with the Government and BiH universities implementing the Bologna Process principles.
- Education regulations should be fully harmonized with the gender equality laws; gender issues should in general be more effectively mainstreamed. This is particularly pertinent to the under-registration of female children.

Again, we made a series of specific suggestions with regard to vulnerable groups, summarized as follows:

- For children with special needs, access and facilities must be provided within mainstream schools where possible, and specialist facilities when necessary, to enable the children with special needs to reach their full educational potential. One key issue is to reduce stigma and isolation, thus promoting inclusion. Mainstream education is the best method of achieving this goal.
- Special attention must be given to the overall performance of Roma children and the children of displaced families. Efforts should be made to secure pre-school education and to provide stronger support during schooling. Additionally, consistent attention must be made to increase the number of Roma students. This requires working with parents and the members of local communities, and an increase in school budgets to target these objectives.

c) Securing Equity and Inclusion in Health

Our analysis in Chapter 7 confirmed that a number of factors, including the conflict, have shaped the pattern of health and health provision in BiH. The wider determinants include unemployment, feelings of stress and uncertainty, migration, war-driven morbidity, disability and ethnic discrimination.

Equity of treatment and coverage, and therefore inclusion, within the health system is driven by the availability of health insurance. Around 80% of the population has some form of adequate cover in BiH - a long way from the proclaimed principle of universal coverage. Even so, the system is under severe operational stress and often fails to meet even the needs of those within the reach of the healthcare net. Underpinning this is the high level of dependency, with only around half of those covered actually paying into the system. The targeting of resources is also ineffective, with the pattern of provision and expenditures being unresponsive to those most at risk of illness, morbidity or disability. Health exclusion is therefore common and co-variant with other dimensions of social exclusion.

From the analyses and conclusions presented in that chapter, we have established that inclusive health policies should include:

- Implementation of a basic health rights package for all citizens. This problem is particularly acute in FBiH because of the different resourcing levels within the cantonal health insurance funds.
- Movement towards harmonization of health rights in BiH and universal basic coverage. This would include modifications in the healthcare and the health insurance law to oblige the Entity authorities, in accordance with the constitution, to ensure healthcare revenues for the excluded population categories, and mechanisms for the successful collection of healthcare revenues.
- Development of strategies to reduce corruption, primarily concerning the appropriate solutions for complementary medical practice and additional payments to public health institutions.
- The promotion of better health through health promotion and education - well-being, healthy eating, anti-smoking campaigns and so forth.
- To undertake efforts to secure universal health insurance coverage.

We further underline that, given the commonalities of health status with other forms of exclusion and the complex mix of ingredients which brings about poor health, holistic policy approaches are needed. This means building health considerations into anti-poverty, unemployment and educational policies. Health is as much an outcome of social processes and lifestyle circumstances as it is clinical procedures and access to health cover. Prevention is always better than cure and therefore alleviation of these wider pressures will do much to ease health-based inequities.

It is also important to recognize the particular characteristics of health-based exclusion as it affects key groups. We offer the following tailored recommendations:

- For people with disabilities, it is vital that all categories with invalid allowances or entitlements have adequate health insurance. It is also important that all health institutions have appropriate architectural modifications to provide physical access for all.
- For the Roma and displaced persons, basic health insurance should be secured. These groups have the weakest level of coverage across BiH and are therefore systematically excluded from the healthcare system.
- For youth, it is important to develop programmes to prevent addictions, such as to drug and alcohol.

d) Crafting an Inclusive Social Policy and Social Welfare System

A sound and well-fitted system of safety nets, welfare benefits and pension provision lies at the heart of the social inclusion framework, providing state support to those unable to participate in the economy and those suffering severe hardship.

Yet the analysis in Chapter 8 showed that the social protection system in BiH is largely inefficient because of the lack of focus on the needs of the beneficiary, underdevelopment of a mixed system of care, insufficient capacity and capability within Centres for Social Work (CSWs) and an absence of national social policies and standards.

The strategic priorities can be summarized four ways:

1. Harmonization of standards and laws at BiH level and acceptance that allocations should be based on needs;
2. Synchronization of social policies in both Entities and FBiH cantons;
3. Creation of an institutional framework and competencies for an inclusive social policy;
4. Improvements in the efficiency of social services through organizational changes, with a special focus on norms, standards and the simplification of procedures for the CSWs, according to established international standards.

There are, however, a number of operational challenges to be tackled if we are to meet these priorities:

Foremost, it is necessary to conduct root and branch reform of the system's financing and the entitlement structure. It is also necessary to establish a more equitable balance between the funding for war veterans and funding for all other beneficiaries, regardless of the political difficulties this presents. The overall financing of social transfers, relative to GDP and government expenditure, is in line with regional averages, but the outcomes are poor. In addition, therefore, social programmes should be better directed and targeted at the beneficiaries' real needs. This might be achieved through means-testing and/or category-based selection.

Second, social welfare provision needs to be better tailored to meet beneficiaries' requirements. To achieve this, active forms of protection should be established and a plurality of services offered.

Third, efforts must be made to tackle dependency and improve incentives. A necessary step is to move from benefit-dependency to employment. Active measures to facilitate re-integration into the labour market should be offered.

Fourth, we strongly believe that the development of inclusive social protection is best achieved at local community level. The provision of service takes place there via the CSWs, yet much needs to be done to improve their effectiveness. We note that while there are many improvements to be made at the local/municipal level, the most important are: promoting a client-oriented approach to delivery; achieving the cooperation of institutions; and undertaking continuous planning at all levels.

We have a number of recommendations for specifically challenged groups, which are listed below. It is also important to underscore the gender dimensions of social protection, ensuring that the system avoids unwitting discrimination.

In relation to the Roma, we note the need for social welfare to address issues such as living conditions and facilitating other dimensions of inclusion such as healthcare and schooling. The issues here, as before, relate to the neglect of the particular difficulties faced alongside discrimination.

Regarding youth, we argue that there are particular needs in relation to homeless children and orphans in securing their care and support. Equally, social welfare can play a role in tackling addiction problems (drugs, alcohol, etc.).

The situation facing displaced persons is problematic with regard to status and recognition which in turn drives the level of care offered by CSWs.

The elderly also merit special attention as a growing group, with health problems and as clients of the pension system. In recent years, pensions have failed to keep up with changes in the cost of living and the inequalities emerging between recipients. This is an issue of inter-generational solidarity. The welfare of pensioners is a key responsibility to be borne by society. We specifically recommend a minimum guaranteed pension, equated to a minimum 60% of median income (at 2004 prices) and alongside this, a statutory commitment to an annual adjustment based on the cost of living.

Standardization of the rate of pension contributions and the facilitation of access to the labour market for those over pensionable age are also measures worthy of serious consideration. These have both welfare and wider economic benefits.

e) Towards a Fully Participatory Democracy

The analysis and discussion in Chapter 9 underlined the deficiencies in BiH's political arena and the low levels of participation. Many citizens, and especially certain vulnerable groups, feel shut out of the political process, electoral turnout rates are declining and elements of the system - the special-interest groups, the media and the political parties - have serious weaknesses.

Civil society, although numerous and economically strong, is failing to deliver its key role in holding the state accountable and facilitating the involvement of citizens on major issues of public policy. In turn, the media demonstrates inadequate orientation to investigative reporting, and all too often is implicitly biased in its coverage.

At the heart of these problems, we believe, lies a dysfunctional political system, which re-produces what we earlier described as an 'ethnicization of public life'. Political forces are beholden to ethnically-based elites. Minorities, constitutional or otherwise, are thus locked out of the public space. Individuals, especially those from groups outside the mainstream, have no means of articulating their concerns or affecting outcomes.

In overall terms we argue for:

- Reform of the state to allow for the development of a more open political space;
- The repositioning of civil society and the creation of conditions which would promote a more investigative and rigorous media, through legal/ regulatory changes and some financial support;
- Raising participation rates and securing a more liberal and open form of politics. This is central to achieving other inclusion objectives. The democratic process is, after all, the final guarantor of social cohesion and development.

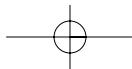
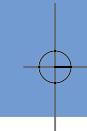
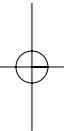
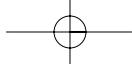
We again note that these issues have a particular resonance for key excluded groups:

- The political exclusion of the Roma, displaced persons, people with disabilities and stigmatized minorities is especially emphasized within BiH's ethnically-based politics. Securing their involvement is therefore vital. The measures to achieve this might include specialized statutory consultation mechanisms and offering support to CSOs representing their interests;
- BiH's youth face a somewhat different problem - one of resignation and disengagement. Strategies to address this might focus on the educational system and imaginative measures to seek their opinions and boost involvement through special media outlets;
- In a similar vein, we have to recognize the under-representation of women in political life. This calls for both a renewed effort to enforce the gender discrimination laws and also to make political structures more gender-aware and family-friendly.

4. Summary and Conclusion

This report has sought primarily to explain and advocate for BiH to adopt a social inclusion agenda within its policy-making processes. We believe strongly that thinking of deprivation and development challenges in terms of this wider concept is better fitted to our national context. It is a mode of thinking which dovetails well with other approaches, is uniquely European in character and, most crucially, best matches domestic understandings of needs and priorities.

Finally, it is absolutely vital to make clear that social inclusion does not happen by policy development alone. It requires the support of every citizen, non-governmental and governmental organizations, the business community, trade-unions and political parties. Joint activities and a common vision are required if we are to create a lasting and genuinely inclusive society in tomorrow's BiH. This is not only a question of moving closer towards EU accession but is also an issue of sustainable development and conflict prevention.



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ANNEXES

ANNEX 1: ESTIMATION OF THE HUMAN DEVELOPMENT INDICES

1. Standard UNDP Methodology for Calculation Indices¹⁵¹

a) Human Development Index - HDI

The HDI is a summary measure of human development. It measures average achievement across three basic dimensions:

- A long and healthy life, as measured by life expectancy;
- Knowledge, as measured by the adult literacy rate (two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (one-third weight);
- A decent standard of living, as measured by the logarithmic transformation of GDP per capita (in PPP US\$).

Before the HDI is compiled an index needs to be created for each of the dimensions. These indices are framed by minimum and maximum values, termed 'goal posts'. Performance in each dimension is expressed as a value between 0 and 1 by applying the formula:

$$\text{Index} = (\text{Actual} - \text{Minimum Value}) / (\text{Maximum} - \text{Minimum Value})$$

The minimum and maximum values for the current year are:

Table 20
Minimum and Maximum Values of Dimensions used for Measuring HDI

Dimension	Max value	Min value
Life Expectancy (years)	85	25
Adult Literacy (%)	100	0
Combined enrolment (%)	100	0
GDP per capita (PPPUS\$)	40,000	100

The HDI is then given as a simple average of the dimension indices.

b) The Human Poverty Index - HPI

While the HDI measures average achievement, the HPI measures deprivation in the basic dimensions of human development. These are represented by the extent to which nations fail to reach specified thresholds (akin to human poverty lines). The scale of inequality within the world means that it is not possible to apply meaningfully a common index to all UN Member States and thus two variants are provided:

- HPI1 which is applied to the developing world;
- HPI2 which is reported for selected OECD countries but is equally applicable to the former Eastern European nations (and thus to BiH).

¹⁵¹ More details: *Human Development Report 2005*, Technical Notes. See also. *National Human Development Report: Better Local Governance in BiH*, UNDP, Sarajevo 2005.

Each measures similar deprivations, but the HPI2 adopts higher thresholds and includes an unemployment variable to track social exclusion. A summary of each follows:

HPI1

- Premature death, measured by the proportion of the population not reaching age 40;
- Exclusion from knowledge, measured by adult illiteracy;
- Inadequate living standards, given by the average of the proportions of those without access to safe water and children who are underweight.

HPI2

- Premature death, measured by the proportion of the population not reaching age 60;
- Exclusion from knowledge, measured by the level of functional literacy skills;
- Inadequate living standards, measured by the proportion living below the income poverty line;
- Social exclusion, represented by the long-term unemployment rate.

Although the HPI2 specification is more relevant to the BiH context, data limitations have meant that it is not possible to follow the full formulation. Thus a hybrid HPI has been adopted. However, data limitations have also meant that the approach outlined below deviates somewhat from the HPI2 specification which is relevant to BiH.

The two variables we lack are the numbers of adults without functional literacy skills and the numbers below an income poverty line (defined as 50% of the median income). In their place we have substituted the total adult literacy rate and the consumption-based poverty measure given in the 'Household Budget Survey 2004, Population by Education level, Agency for Statistics of BiH' and 'Living in BiH-Wave 4, Statistical System in BiH'.

Note that unlike the HDI, each component is expressed as a population percentage and therefore no standardization is required prior to calculating the index.

c) The Gender-related Development Index - GDI

The GDI is a stylized form of HDI which adjusts the calculation to reflect inequalities between men and women. The index is specified using the same methodology and dimensions but yields gender-adjusted measures, termed 'equally distributed indices', (EDIs). These are then averaged to produce the GDI.

There are three stages to the process:

First, the standard HDI calculations are carried out, but for men and women separately. Note that this requires the use of gender-specific goalposts for life expectancy, with men having a minimum and maximum of 82.5 and 22.5 years, and women 87.5 and 27.5 years, respectively.

Second, the gender-related indices are recombined to provide their equally-distributed counterparts, using the formula:

$$\text{EDIs} = \{[\text{Female population share (female index}^{1-\epsilon})] + [\text{male population share (male index}^{1-\epsilon})]\}^{1/(1-\epsilon)}$$

The parameter (ϵ) represents the level of aversion to inequality. As it rises above 1, it places a greater penalty on inequalities within any of the dimensions. Within the current specification (ϵ) is set at 2. Thus we have:

$$\text{EDIs} = \{[\text{Female population share (female index}^{-1})] + [\text{male population share (male index}^{-1})]\}^{-1}$$

Finally, the GDI is calculated as a simple average of the three EDIs.

d) The Gender Empowerment Measure – GEM

Focusing on women's opportunities rather than their capacities, the GEM is calculated on the basis of three key dimensions:

- Political participation and decision making measured by women's and men's shares in the primary legislatures;
- Economic participation as measured by two indicators:
 - gender shares of decision-making offices (legislators and senior public officials);
 - the gender share within professional and technical positions;
- Power over economic resources, as given by the ratio of men's and women's estimated earned income.

For each of these dimensions, an equally distributed equivalent percentage is calculated (EDEP) as a population-weighted average according to the following general formula:

$$EDEP = \{[\text{Female population share (female index}^{1-\epsilon})] + [\text{male population share (male index}^{1-\epsilon})]\}^{1/(1-\epsilon)}$$

The parameter (ϵ) measures aversion to inequality; values higher than 1 more than proportionately penalise inequities on individual components. As in the GDI the current UNDP specification sets (ϵ) at 2, affording a moderate penalty to inequality between the genders. The formula is thus:

$$EDEP = \{[\text{Female population share (female index}^{-1})] + [\text{male population share (male index}^{-1})]\}^{-1}$$

For political and economic participation the EDEPs are further adjusted by dividing by 50, the rationale being that in an equal society these authorities should be shared equally. The income dimension ratio is calculated with reference to the standard HDI goalposts, but the unadjusted PPP US\$ figures are taken in place of the logarithmic scale.

The final index is given by the simple average of the three components.

Note that as in the global report, the female income share is based on the ratio of male to female wages scaled by economic participation rates. For BiH it is assumed¹ that the average female wage is 75% of the male wage.

2. Estimation of Human Development Index - HDI

Table 21.
Human Development Indices for 2003 and 2004

Human Development Index						
	2003			2004		
Indicator	BiH	FBiH	RS	BiH	FBiH	RS
1 Life expectancy at birth - year	74.1	74.5	73.5	74.3	74.7	73.7
2 Adult literacy rate - %	96.7	97.3	95.7	97.1	97.7	96.1
3 Combined all education level enrolment ratio-%	68.0	70.7	64.5	69.0	71.6	65.6
4 GDP/pc - PPP US\$	6,250	6,935	4,943	7,230	7,879	5,910
5 Life expectancy index	0.818	0.825	0.808	0.822	0.828	0.812
6 Education index	0.871	0.884	0.853	0.877	0.890	0.859
7 GDP index	0.690	0.708	0.651	0.714	0.729	0.681
Human Development index HDI	0.793	0.806	0.771	0.804	0.816	0.784
2004/2003 GDP/pc				1.157	1.136	1.196
2004/2003 HDI				1.014	1.012	1.017

Based on the estimated HDI values of 0.804, in 2004 BiH joined the group of countries judged to have a high level of human development.

Table 22.
Data Sources for Estimation of the HDI

	Indicator	SOURCE	COMMENT
1	Life expectancy at birth - years	Human Development Report 2005, UNDP, New York 2005; USA World Development Indicators 2005, The World Bank, Washington, 2005; USA World Development Indicators 2006, The World Bank, Washington, 2006, USA.	For Entities, estimation of NHDR team, on the basis of number of population and demographic statistics of FBiH and RS
2	Adult literacy rate - %	World Development Indicators 2005, The World Bank, Washington, 2005; USA World Development Indicators 2006, The World Bank, Washington, 2006, USA	For Entities, estimation of NHDR team, on the basis of Household Budget Survey 2004. Population by education level, BHAS, www.bhas.ba
3	Combined all education level enrolment ratio - %	NHDR team, estimation	Based on: <ul style="list-style-type: none"> □ age structure of population, Living in BiH- Wave 4, Statistical system in BiH; □ number of enrolled pupils and students, BHAS, FOS, RSIS: education statistics.
4	GDP/pc - PPP US\$	BHAS, FOS, RSIS - national accounts statistics Central Bank of BiH, Gazette no.4, Sarajevo, 2006, BiH	PPP for 2003 is 3, 3737: WDI 2005. PPP for 2004 is 3, 2436: WDI 2006.

In 2004 HDI increased by 1.4% at the BiH level on a year-over-year basis. In both Entities, all three indices grew but the improvement in the overall HDI was clearly driven by the economic indices from both RS and FBiH. This is consistent with the countrywide annual growth in GDP/pc of 15.7% achieved in 2004. Note that part of the GDP growth results from the additional revision of methodology for the estimation of Purchasing Power Parity.

Figure 10.
GDP Indices for BiH, FBiH and RS.

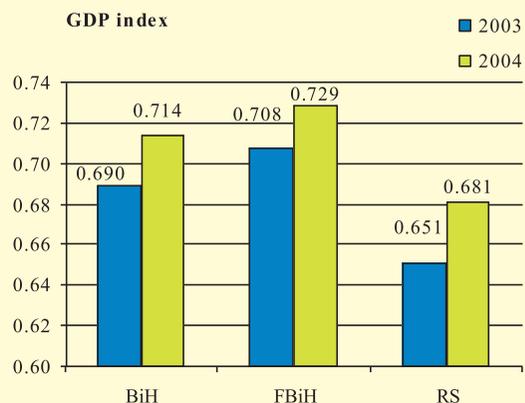
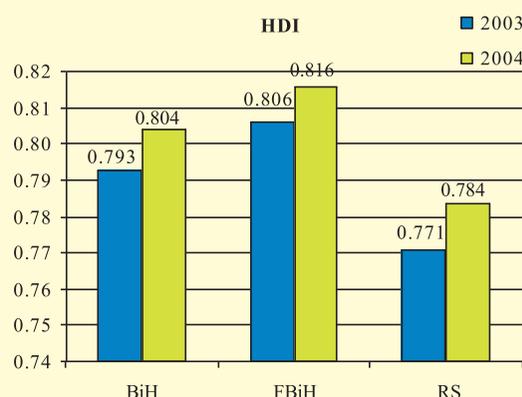
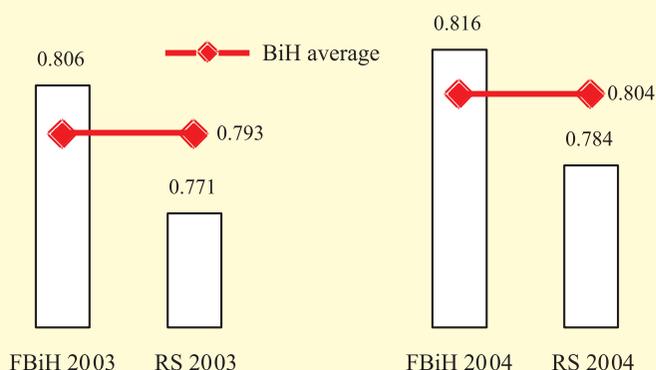


Figure 11.
HDI for BiH, FBiH and RS.



The Human Development Indices for the Entities indicates that the HDI of FBiH was 1.5% greater than the country average in 2004, a result similar to 2003, when it was 1.6% greater. Republika Srpska remains below the high human development threshold (0.800).

Figure 12.
HDI of Entities in relation to the BiH average



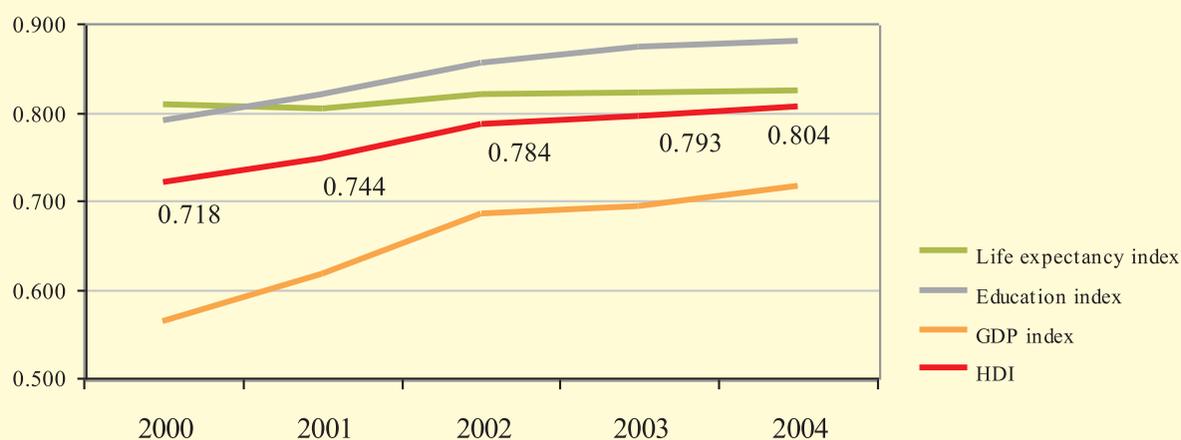
3. Human Development Trends

Table 23
HDI Trends for BiH

Year	Life expectancy at birth	Adult literacy rate	Combined enrolment ratio	GDP/pc PPP \$	Life expectancy index	Education index	GDP index	HDI
2000	73.3	85.9	64.0	2,875	0.805	0.787	0.560	0.718
2001	73.0	88.9	67.0	3,949	0.800	0.817	0.614	0.744
2002	74.0	94.3	67.3	5,970	0.817	0.853	0.683	0.784
2003	74.1	96.7	68.0	6,250	0.818	0.871	0.690	0.793
2004	74.3	97.1	69.0	7,230	0.822	0.877	0.714	0.804
2004/ 2000	1.014	1.130	1.078	2.515	1.021	1.114	1.275	1.120

Source: UNDP BiH, Millennium Development Goals BiH-2015: Human Development Report 2003, Sarajevo 2003; UNDP BiH, Better Local Governance in Bosnia and Herzegovina: National Human Development Report 2005, Sarajevo, 2005.

Figure 13.
Trends of HD Indices for BiH



Taking into account the course of the human development index and its sub-indices, it can be observed that GDP/pc has shown the greatest improvement in recent years, growing 2.5 times larger between 2000 and 2004. The growth of GDP/pc is primarily the result of an improvement in the methodology for calculating Purchasing Power Parity and, to a lesser degree, the result of economic progress. In 2004, the BiH HDI was 12% higher than in 2000.

4. Estimation of the Human Poverty Index - HPI

Table 24:
Human Poverty Indices for 2003 and 2004

Human Poverty Index		2003			2004		
Indicators		BiH	FBiH	RS	BiH	FBiH	RS
1	Probability of not surviving above age 60, % P1	13.6	13.6	13.6	13.5	13.5	13.5
2	Adult illiteracy rate, % P2	3.3	2.7	4.3	2.9	2.3	3.9
3	People living below the income poverty line, % P3	18.4	15.3	22.3	17.8	15.0	21.0
4	Long-term unemployment, % P4	12.3	10.9	13.0	13.7	12.6	15.2
$HPI = [1/4 (P_1^a + P_2^a + P_3^a + P_4^a)]^{1/a}$, where a is 3 (according to the standard) ¹⁵²		13.86	12.28	15.83	13.88	12.52	15.64

¹⁵² The method of combination makes use of a power (a) which is currently given as the cubed value of each indicator. This ensures that the final result is more than proportionately affected by the lowest components. As a result HPI scores can best improved by action to address each and every of the deprivations measured, and the effect of trade-offs between the variables is muted.

Table 25.
Data Sources for the Estimation of the HPI

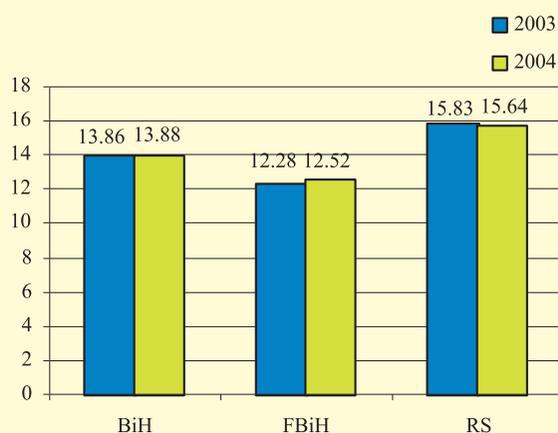
	Indicator	SOURCE	COMMENT
1	Probability of not surviving above age 60, %	For 2003, Human Development Report 2005, UNDP, New York 2005; USA For 2004 estimation of the NHDR team	It was not possible to create separate estimations for FBiH and RS.
2	Adult illiteracy rate, %	World Development Indicators 2005, The World Bank, Washington, 2005, USA; World Development Indicators 2006, The World Bank, Washington, 2006, USA.	For the Entities, estimation of NHDR team, based on Household Budget Survey 2004. Population by education level, BHAS, www.bhas.ba
3	People living below the income poverty line, %	For 2004, Preliminary Report on State of Poverty in BiH for the period 2001-2004, EPPU, Sarajevo, 2005; for 2003, estimation of the NHDR team	Estimation of 2003, based on average growth (dropping) rate from 2001 to 2004.
4	Long-term unemployment, %	Living in BiH, Wave 3 and Wave 4 Final Reports, Statistical system BiH	Percentage of unemployed persons waiting to find a job for longer than 12 months

In BiH, 13.88% of population is considered poor within the human poverty context. Lack of income and long-term unemployment has a dominant impact on poverty.

Table 26:
Gender Development Indices for 2003 and 2004

Gender Development Index							
		2003			2004		
Indicators		BiH	FBiH	RS	BiH	FBiH	RS
1	Population total	3,832,099	2,321,000	1,463,465	3,843,000	2,324,712	1,471,529
	Female population Nf	2,000,356	1,222,874	751,130	1,838,550	1,099,920	755,269
	Male population Nm	1,831,743	1,098,126	712,335	2,004,450	1,224,792	716,260
	Female share nf	0.522	0.527	0.514	0.521	0.526	0.513
	Male share nm	0.478	0.473	0.486	0.479	0.474	0.487
2	Average life expectancy at birth	74.1	74.4	73.5	74.3	74.7	73.7
	Female	76.8	77.9	75.0	77.0	78.1	75.2
	Male	71.4	70.3	73.1	72.0	71.1	73.7
3	Adult literacy rate	96.7	97.3	95.7	97.1	97.7	96.1
	Female	91.1	92.2	89.3	94.4	95.5	89.7
	Male	98.4	98.6	98.1	99.0	99.2	98.7
4	Combined enrolment rate	68.0	70.7	64.5	69.0	71.6	65.6
	Female	72.2	74.5	69.9	70.7	72.5	67.3
	Male	65.1	67.7	60.8	67.8	70.5	63.3
5	Total GDP PPP USD (000)	23,950,246	16,095,969	7,236,032	28,858,209	18,317,258	8,700,308
6	GDP/pc PPP \$	6,250	6,935	4,943	7,230	7,879	5,910

Figure 14.
HPI - Population in %



Poverty is higher in RS, where 15.6% of population is poor, based on calculated HPI.

5. Estimation of the Gender Development Index - GDI

Table 27.
Data Sources for the Estimation of the GDI

	Indicator	SOURCE	COMMENT
1	Population	BHAS, FOS, RSIS	The BiH population is to some extent larger than the sum of the populations of FBiH and RS because it includes the population of Brčko District.
2	Average life expectancy at birth	Human Development Report 2005, UNDP, New York 2005, USA. World Development Indicators 2005, The World Bank, Washington, 2005, USA. World Development Indicators 2006, The World Bank, Washington, 2006, USA.	For the Entities, estimation of NHDR team, based on the structure of population and demographic statistics of FBiH and RS
3	Adult literacy rate - %	World Development Indicators 2005, The World Bank, Washington, 2005, USA. World Development Indicators 2006, The World Bank, Washington, 2006, USA.	For the Entities and gender for the Entities, estimation of NHDR team, based on Household Budget Survey 2004. Population by sex and education, BHAS, www.bhas.ba
4	Combined all education level enrolment ratio - %	NHDR team, estimation	Based on: <ul style="list-style-type: none"> <input type="checkbox"/> age and gender structure of the population, Living in BiH - Wave 4, Statistical System BiH; <input type="checkbox"/> based on Household Budget Survey 2004 Population by sex and education, BHAS, www.bhas.ba; <input type="checkbox"/> number of enrolled pupils and students by gender, BHAS, FOS, RSIS: education statistics.
5	Share of economically active female and male population	NHDR team, estimation	Based on the data on employment rate according to gender, BHAS, FOS, RSIS: Early Warning System 2005, Annual Report, UNDP, Sarajevo 2006, BiH BHAS, FOS, RSIS: gender statistics
6	GDP/pc - PPP US\$	BHAS, FOS, RSIS: national accounts statistics Central Bank BiH, Gazette no.4, Sarajevo, 2006, BiH	PPP for 2003 is 3, 3737; WDI 2005. PPP for 2004 is 3, 2436; WDI 2006.

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Table 28.
GDI Calculation

		2003			2004		
		BiH	FBiH	RS	BiH	FBiH	RS
1	Share of economically active female population (Eaf)	0.38	0.36	0.42	0.40	0.37	0.43
2	Share of economically active male population (Eam)	0.62	0.64	0.58	0.60	0.63	0.57
3	Life expectancy dimension index						
	female ILf = $(77 - 27.5) / (87.5 - 27.5)$	0.822	0.840	0.792	0.825	0.843	0.795
	male ILm = $(71 - 22.5) / (82.5 - 22.5)$	0.815	0.797	0.843	0.825	0.810	0.853
4	Life expectancy equality index						
	$IED_L = \{n_f * I_{Lf}^{-1} + (n_m * I_{Lm}^{-1})\}^{-1}$	0.818	0.819	0.816	0.825	0.827	0.822
5	Education dimension index						
	female literacy index ILf	0.911	0.922	0.853	0.944	0.955	0.897
	female enrolment index IKf	0.722	0.745	0.699	0.707	0.725	0.673
	female education index IEf = $2/3 ILf + 1/3 IKf$	0.848	0.863	0.828	0.865	0.878	0.822
	male literacy index ILm	0.984	0.986	0.981	0.990	0.992	0.987
	female enrolment index IKm	0.651	0.677	0.608	0.678	0.705	0.633
	male education index IEm = $2/3 ILm + 1/3 IKm$	0.873	0.883	0.857	0.886	0.896	0.869
6	Education equality index						
	$IED_E = \{n_f * I_{Ef}^{-1} + (n_m * I_{Em}^{-1})\}^{-1}$	0.860	0.872	0.842	0.875	0.887	0.884
7	Income dimension index						
	Salary ratio $W_f / W_m = 0.75$	0.75	0.75	0.75	0.75	0.75	0.75
	female share of the generated income $S_f = 0.75 * EA_f / [(0.75 * EA_f) + EA_m]$	0.315	0.297	0.352	0.333	0.306	0.361
	male share of the generated income $=> S_m = 1 - S_f$	0.685	0.703	0.648	0.667	0.694	0.639
8	Estimate income per capita						
	female total income $Y_f = S_f * Y$ (000)	7,543,342	4,775,323	2,547,082	9,509,111	5,616,896	3,144,940
	female GDP/pc PPP \$ $GDP_f = Y_f / N_f$	3,771	3,905	3,391	4,744	4,586	4,164
	male total income $Y_m = S_m * Y$ (000)	16,408,754	11,320,581	4,689,301	19,341,546	12,698,576	5,558,178
	male GDP/pc PPP \$ $GDP_m = Y_m / N_m$	8,958	10,309	6,583	10,520	11,545	7,760
9	Index GDP						
	female $IGDP_f = (\log GDP_f - \log 100) / (\log 40,000 - \log 100)$	0.606	0.612	0.588	0.644	0.639	0.622
	male $IGDP_m = (\log GDP_m - \log 100) / (\log 40,000 - \log 100)$	0.750	0.774	0.699	0.777	0.793	0.726
10	Income equality index						
	$IED_{GDP} = \{n_f * I_{GDP_f}^{-1} + (n_m * I_{GDP_m}^{-1})\}^{-1}$	0.667	0.679	0.637	0.702	0.703	0.669
11	Gender related development index						
	$GDI = 1/3 (IED_L + IED_E + IED_{GDP})$	0.782	0.790	0.765	0.801	0.806	0.779
2004/2003 GDI					1.024	1.020	1.018

In 2004, the GDI for BiH increased by 2.4% over the previous year, which indicates a decrease in gender disparity with a larger growth, at Entity level, in FBiH.

Gender inequality is emphasized in economic activities and in educational terms. GDP/pc realized by men is 2.2 larger than that realized by women. In FBiH, men realized a GDP 2.8 times greater than women, and in RS, 1.8 times larger. The literacy rate for women is less than that of men although the rate of the combined enrolment at all three educational levels is higher for women.

Figure 15.
GDI for 2003 and 2004

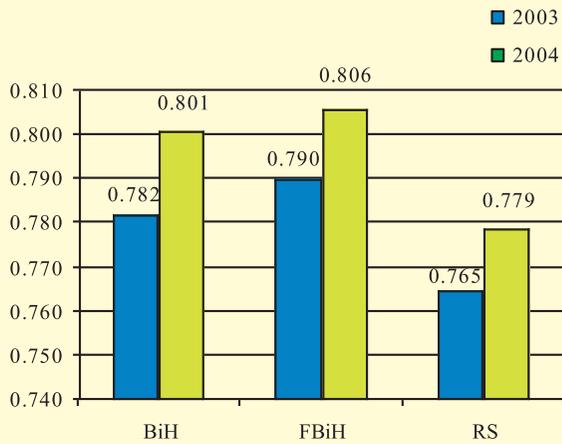


Figure 16.
GDI of Entities in Relation to BiH Average

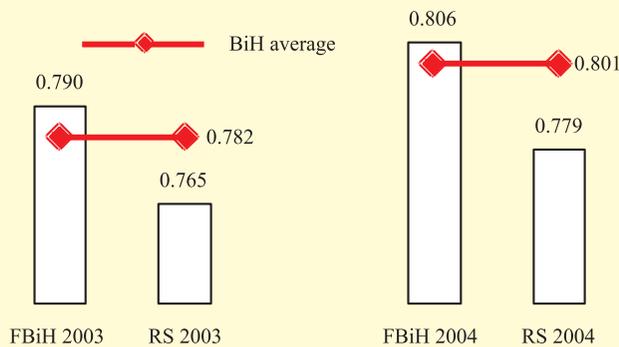


Figure 16 shows GDI levels for the Entities in relation to the average realized throughout BiH.

In 2004, the GDI for FBiH was 7.5% above the BiH average; the GDI for RS fell below the BiH average by 2.8%.

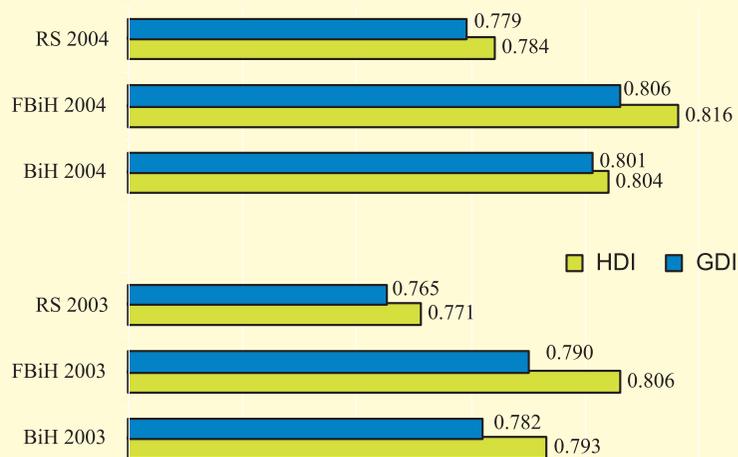
6. HDI and GDI Relation

The difference between the HDI and GDI shows that there is some gender inequality in both BiH and the Entities.

Table 29
Comparison of HDI and GDI

	2003			2004		
	BiH	FBiH	RS	BiH	FBiH	RS
HDI	0.793	0.806	0.771	0.804	0.816	0.784
GDI	0.782	0.790	0.765	0.801	0.806	0.779
Difference HDI - GDI	0.011	0.016	0.006	0.003	0.010	0.005

Figure 17.
HDI and GDI relation



In 2004 there was a reduction in the difference between the HDI and GDI, primarily due to the more dynamic growth of GDI. The growth of GDI was influenced by the increase of employment of women, as well as a higher rate of female enrolment at all three educational levels.

7. Estimation of Gender Empowerment Measure - GEM

Table 30.
Gender Empowerment Measure

Gender Empowerment Measure						
Indicators	2003			2004		
	BiH	FBiH	RS	BiH	FBiH	RS
1 Parliamentary representation						
Female population share nf	0.522	0.527	0.514	0.521	0.526	0.513
Female parliamentary share Pf	14.3	21.4	19.3	14.3	21.4	19.3
Male population share nm	0.478	0.473	0.486	0.479	0.474	0.487
Male parliamentary share Pm	85.7	78.6	80.7	85.7	78.6	80.7
2 Economic participation						
Female share of position as managers Mf	21.5	18.7	26.8	24.3	22.9	26.7
Male share of position as managers Mm	78.5	81.3	73.2	75.7	77.1	73.3
Female share of professional and scientific position Sf	47.0	49.0	42.9	45.3	47.5	40.9
Male share of professional and scientific position Sm	53.0	51.0	57.1	54.7	52.5	59.1
3 Earned income PPP US\$						
Women's estimated earned income GDPf/pc	3,771	3,905	3,391	4,744	4,586	4,164
Men's estimated earned income GDPm/pc	8,958	10,309	6,583	10,520	11,545	7,760

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Table 31.
Data Sources for GEM Estimation

	Indicator	SOURCE	COMMENT
1	Parliamentary representation	BHAS, FOS, RSIS: gender statistics	The gender structure of the BiH Parliament is not the sum of parliamentarians of FBiH and RS because members are elected separately.
2	Economic participation	NHDR team, estimation	Household Budget Survey 2004. Population by sex and occupation, BHAS, www.bhas.ba.
3	Earned income PPP US\$		According to the methodology for GDI estimation.

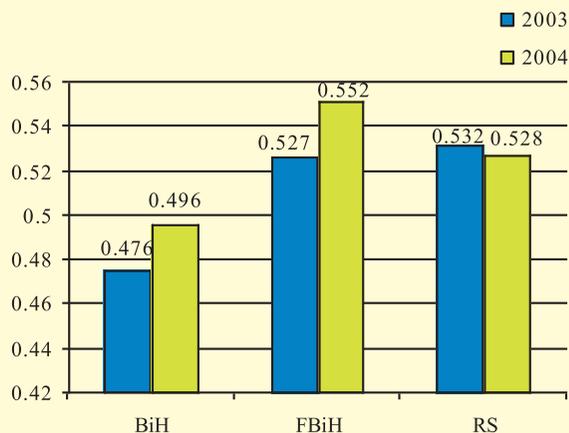
Table 32.
GEM Calculation

		2003			2004		
		BiH	FBiH	RS	BiH	FBiH	RS
EDEP ¹⁵³ for Parliamentary representation							
EDEP = $\{n_f * P_f^{-1} + (n_m * P_m^{-1})\}^{-1}$		23.8	32.6	30.6	23.8	32.6	30.6
1	Indexed EDEP (EDEP/50)	0.475	0.653	0.612	0.476	0.653	0.613
EDEP for economic participation							
a	EDEP for position as managers						
EDEP = $\{n_f * M_f^{-1} + (n_m * M_m^{-1})\}^{-1}$		32.7	29.4	38.8	36.0	34.3	38.7
b	EDEP for professional and scientific position						
EDEP = $\{n_f * P_f^{-1} + (n_m * P_m^{-1})\}^{-1}$		49.7	49.9	48.8	49.4	49.7	44.9
2	Indexed EDEP for economic participation	0.824	0.794	0.875	0.854	0.841	0.836
EDEF for income							
female income index IGDPf = $(GDPf-100) / (40,000-100)$		0.092	0.095	0.082	0.116	0.112	0.102
male income index IGDPm = $(GDPm-100) / (40,000-100)$		0.222	0.256	0.162	0.261	0.287	0.192
Equally distributed income index							
3	Income EDEP = $\{n_f * IGDPf^{-1} + (n_m * IGDPm^{-1})\}^{-1}$	0.128	0.136	0.108	0.158	0.158	0.132
GEM		0.476	0.527	0.532	0.496	0.552	0.528
2004 / 2003 GEM					1.042	1.047	0.992

The index of Gender Empowerment (GEM) shows very clearly the level of gender inequality in political and economic participation, as well as power measured through realized incomes. However, during 2004, there was mild growth of the GEM in BiH and FBiH.

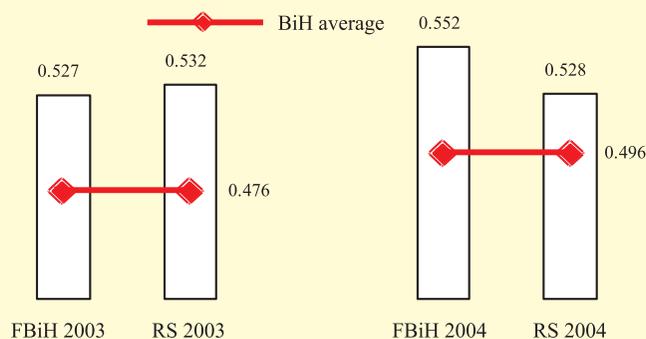
¹⁵³ EDEP - equally distributed equivalent percentage

Figure 18.
GEM for BiH, FBiH and RS



This figure clearly shows that the lowest GEM was realized at the BiH level.

Figure 19.
GEM of Entities in Relation to the BiH Average



In 2004, changes were observed in the relative GEM index figures for the Entities compared to those for BiH as a whole. In 2003, the GEM of FBiH was 10.7% above the BiH average, and in 2004, ahead by 11.8%. In 2003, the GEM of RS was 11.3% above the BiH average, and in 2004, ahead by 6.5%.

8. Relative Position of BiH in Human Development

Table 33.
Position of Bosnia and Herzegovina in Central and Eastern Europe, 2004,
according to HDI[#]

Central and Eastern Europe	Life expectancy at birth	Adult literacy rate	Combined enrolment ratio	GDP/pc PPP \$	Life expectancy index	Education index	GDP index	HDI value	Rank HDI
1. Slovenia	76.6	99.0*	95	20,939	0.86	0.98	0.89	0.910	27
2. Czech Republic	75.7	99.0**	81	19,408	0.85	0.93	0.88	0.885	30
3. Hungary	73.0	99.0**	87	16,814	0.80	0.95	0.86	0.869	35
4. Poland	74.6	99.0**	86	12,974	0.83	0.95	0.81	0.862	37
5. Slovakia	74.3	100.0	77	14,623	0.82	0.92	0.83	0.856	42
6. Croatia	75.2	98.1	73	12,191	0.84	0.90	0.80	0.846	44
7. Bulgaria	72.4	98.2	81	8,078	0.79	0.92	0.73	0.816	54
8. Romania	71.5	97.3	75	8,480	0.78	0.90	0.74	0.805	60
9. BiH	74.3	96.7	67	7,032	0.82	0.87	0.71	0.800	62
10. Macedonia	73.9	96.1	70	6,610	0.82	0.87	0.70	0.796	66
11. Albania	73.9	98.7	68	4,978	0.82	0.88	0.65	0.784	73
CEE & CIS	68.2	99.2	83	8,802	0.72	0.94	0.75	0.802	
Countries medium HD	67.3	80.5	66	4,901	0.71	0.75	0.65	0.701	

Source: HDR 2006.

[#] Note that these data are from the global HDR, rather than the BiH HDR, which may account for any discrepancies between the data in this table and throughout the main body of the report due to changes in methodology;

* In the absence of recent data, estimates from UNESCO Institute for Statistics 2003, based on outdated census or survey information, were used and should be interpreted with caution;

† For the purposes of calculating the HDI, a value of 99.0% was applied.

Among the countries of Central and Eastern Europe, Bosnia and Herzegovina is in ninth position as far as HDI rank is concerned, just above Macedonia and Albania. In terms of the literacy level, the enrolment rate in all three educational levels, and realized GDP/pc (PPP US\$), BiH is below the average for Central and Eastern European countries.

Table 34.
Position of Bosnia and Herzegovina Globally in terms of Human Development

Country groups by human development	GDP/pc PPP \$	Life expectancy index	Education index	GDP index	HDI
High human development	26,568	0.78	0.95	0.93	0.923
Medium human development	4,901	0.71	0.75	0.65	0.701
Low human development	1,113	0.35	0.53	0.40	0.427
Norway (Rank 1)	38,454	0.91	0.99	0.99	0.965
Niger (Rank 177)	779	0.33	0.26	0.34	0.311
World average	8,833	0.71	0.77	0.75	0.741
Bosnia and Herzegovina	7,032	0.82	0.87	0.71	0.800

Source: HDR 2006.

BiH is 8.0% more developed than the world's average in the human development context, 14.1% more developed than the average of countries in the medium human development category and 2.6 times more developed than the country which comes last. In 2004, Norway again had the highest HDI in the world with an index 21% higher than that of Bosnia and Herzegovina. BiH's HDI rank is 62nd out of 177 reporting countries, below Malaysia and above Mauritius.

Table 35.
Position of Bosnia and Herzegovina in Central and Eastern Europe, 2004, according to GDI

Central and Eastern Europe	Life expectancy at birth		Adult literacy rate		Combined enrolment ratio		Estimated earned Income		GDP/pc PPP \$ GDI	
	Female	Male	Female	Male	Female	Male	Female	Male	Value	Rank
1. Slovenia	80.2	72.9	99.0 ⁺	99.0 ⁺	100	91	15,992	26,129	0.908	24
2. Czech Republic	78.9	72.5	99.0 ⁺	99.0 ⁺	82	81	13,141	26,017	0.881	28
3. Hungary	77.1	68.9	99.0 ⁺	99.0 ⁺	90	85	13,311	20,666	0.867	30
4. Poland	78.6	70.5	99.0 ⁺	99.0 ⁺	90	82	9,746	16,400	0.859	33
5. Slovakia	78.1	70.3	99.0 ⁺	99.0 ⁺	78	75	10,856	18,617	0.853	36
6. Croatia	78.6	71.6	97.1	99.3	75	72	9,872	14,690	0.844	40
7. Bulgaria	75.8	69.1	97.7	98.7	81	81	6,406	9,855	0.814	44
8. Romania	75.2	68.0	96.3	98.4	77	73	6,723	10,325	0.804	49
9. BiH	77.0	71.5	94.4	99.0	n/a	n/a	5,568	8,582	0.801*	n/a
10. Macedonia	76.5	71.5	94.1	98.2	71	69	4,286	8,943	0.791	54
11. Albania	76.9	71.1	98.3	99.2	67	69	3,487	6,492	0.780	59

Source: HDR 2006.

+ For the purposes of calculating the HDI, a value of 99.0% was applied;

* Not available from HDR 2006, therefore, taken from NHDR 2005.

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In terms of the GDI, BiH's ranking in 2004 was ninth among the central and eastern European countries, an improvement of one ordinal position compared to 2003. The GDI values for each country in the region are lower than the corresponding HDI values, thus indicating the presence of gender inequality in all countries. (Note that BiH is the only exception, but a comparison is not appropriate given that the GDI and HDI information are drawn from different sources.*)

Table 36.
Gender Indicators for CEE countries - 2004: Male/Female

Central and Eastern Europe	Life expectancy at birth	Adult literacy rate	Combined enrolment ratio	Estimated earned Income GDP/pc PPP \$
1. Slovenia	0.91	1.00	0.91	1.63
2. Czech Republic	0.92	1.00	0.99	1.98
3. Hungary	0.89	1.00	0.94	1.55
4. Poland	0.90	1.00	0.91	1.68
5. Slovakia	0.90	1.00	0.96	1.71
6. Croatia	0.91	1.02	0.96	1.49
7. Bulgaria	0.91	1.01	1.00	1.54
8. Romania	0.90	1.02	0.95	1.54
9. BiH	0.93	1.05	n/a	1.54
10. Macedonia	0.93	1.04	0.97	2.09
11. Albania	0.92	1.01	1.03	1.86

Source: NHDR team.

The gender indicators for countries in the CEE region show that:

- Men have a shorter life expectancy (by 11% in Hungary, 6% in Albania);
- Men are more literate than women (by 1% in Albania; 5% in BiH);
- In general, primary, secondary and tertiary schools are attended by more women than men (Bulgaria and Albania are the exceptions);
- Men earn more money than women (209% more in Slovakia; 54% more in BiH).

ANNEX 2: ESTIMATION OF THE BIH HUMAN SOCIAL EXCLUSION INDICES (HSEI)

Given the theme of this year's NHDR, we set out to develop a methodology for measuring social exclusion applying the same sort of approach used for the standard HD indices. This presented two separate challenges. Firstly, this is the initial attempt at defining the HSEI. Social exclusion, as a multi-dimensional problem, is a very difficult quantitative measure to capture. Further, all previous indices related to the human development concept express highly complex phenomena which therefore had to be reduced to their most essential components to be useful.

In this chapter, which includes the first estimation of a Human Social Exclusion Index, both the idea and the HSEI methodology are subject to discussion and critical analysis. One important outcome is to set in motion a discussion about estimating social exclusion.

Based upon the research conducted on social exclusion,¹⁵⁴ the Human Social Exclusion Index (HSEI) was estimated within the context of human development.

1. Selected Indicators and Methodology

To select those indicators which in various ways measure social exclusion, the following materials were used:

- a) *Social Exclusion, The European Approach to Social Disadvantage, Hilary Silver and S.M Miller, Indicators, vol.2, no.2 / Spring 2003, from which the following indicators of social exclusion were selected:*
 1. Financial difficulties in the household;
 2. Inability to afford some basic needs;
 3. Inability to afford consumer durables;
 4. Disadvantageous housing conditions;
 5. Poor health: life expectancy; self-perceived health status;
 6. Infrequent contacts with friends and relatives;
 7. Dissatisfaction with work or main occupational activity.
- b) *EU Social Benchmarks, European Commission, Structural Indicators, COM (2000), 594; Atkinson et al.2002; UE Social Protection Committee, Report no. 13509/01, from where the following indicators of social exclusion were selected:*

EU Social Benchmarks:

 1. Risk of financial poverty;
 2. Income inequality;
 3. Persistence of poverty;
 4. No contact with work;

¹⁵⁴ NHDR 2007 Research, Prism Research - Research on Social Exclusion, June, 2006.

5. Low education;
6. Regional disparities in unemployment;
7. Long-term unemployment.

Other publications were also consulted, including:

- *Indicators of Social Exclusion, Eurostat 2000.*
- *Statistics in focus: Population and Social Conditions, 16/2004, Eurostat.*
- *Laeken Common Indicators of Social Inclusion, Eurostat, 2004.*
- *Concerted Development of Social Cohesion Indicators, Methodological Guide, Council of Europe Publishing, August 2005, printed in Belgium.*

The methodological starting points for the estimation of a social exclusion index are based upon the Standard UNDP Methodology for Calculation Indices - Human Development Index - and particularly on the estimation of the Human Poverty Index (HPI).

The decision to set the HSEI as a percentage which relates to the population (as well as HPI), came about for several reasons:

- Ability to select all indicators related to the coverage of population which are expressed as a percentage;
- Inability to define minimal or maximal values of variables in the indexing process;
- Inability to use the HSEI as a comparison if it is expressed as an index (as in the case of HDI);
- Ability to keep it as an index as the estimation contains several variables (i.e. not just one, in order to become just a percentage or a degree).

It is clear that social exclusion is multi-dimensional and therefore a complex measurable concept.

Human development focuses on opportunities and options within the key dimensions of: living standards, employment, inadequate qualifications, bad housing conditions and poor health. The selection of indicators from the NHDR-research 2006 is based on BiH specifications, not only because of the socio-economic situation and the transition of the entire socio-economic and political system of the country but also because of the four-year war, the consequences of which created the current, unique situation.

In this report, attempts are made to quantify the population that is socially excluded in BiH. Given the highly complex nature of the social exclusion phenomenon, the general human social exclusion index (HSEI) was complemented by two sub-indices: the extreme human social exclusion index (HSEI-1) and the long-term human social exclusion index (HSEI-2). Based on data from the NHDR-research 2006 it has been possible to generate estimates of all three of these indices.

2. General Social Exclusion

The general exclusion index (HSEI) is calculated according to the seven indicators which in different ways map out the dimensions of social exclusion.

Table 37.
Dimensions and Indicators for Calculating the HSEI

Dimension	Indicators - Variables
1. Living standard	1. Population below the income poverty line 2. Long-term unemployment
2. Health	3. Population without health insurance
3. Education	4. Population above 15 years without primary school education or that did not complete primary school
4. Participation in society	5. Population that did not vote in the elections 6. Population non-participatory in the activities of social organizations
5. Access to services	7. Dwellings without a telephone

The Social Exclusion Index is calculated according to the following pattern:

$$\text{HSEI} = [1/7 (S1^a + S2^a + S3^a + S4^a + S5^a + S6^a + S7^a)]^{1/a}$$

where a = 3 (according to the UNDP standard)

Table 38.
Estimation of Human Social Exclusion Index (HSEI)

Dimension	Living standard		Health	Education	Participation in society		Access to services	Index
	Indicators/ population (in %)	Below income poverty line	Long-term unemploy- ment	Without health insurance	Without primary school	Did not vote at the elections	Not participating in work of soc. org.	
scope	S1	S2	S3	S4	S5	S6	S7	HSEI
BiH	34.6	21.7	18.3	11.3	43.6	90.7	15.6	50.32
FBiH	31.7	20.8	17.0	12.6	45.0	92.4	11.4	51.01
RS	39.2	22.4	21.0	9.1	42.6	87.9	22.2	49.50
BD*	28.4	25.8	3.6	17.7	25.5	98.2	8.4	52.45
Urban	33.9	22.0	17.9	7.4	44.3	90.5	12.1	50.20
Rural	35.1	21.3	18.6	14.3	43.1	90.9	18.2	50.46

S1 and S2 estimation NHDR Team based on NHDR-2007 Research.

S3, S4, S5, S6, S7 according to NHDR-2007 Research, marked as: P18, D3, P10, P11, P20.

* Brčko District

An HSEI of 50.32% means that every second citizen of BiH is socially excluded in a certain way. There are no significant differences between the Entities, or between the rural and urban populations.

3. Extreme Exclusion and Long-term Exclusion

We believe that it is possible to talk about extreme social exclusion in BiH. This refers to people without any income whatsoever, without communication in their home (telephone), without health insurance and who did not complete a primary school education.

Additionally, there is a second group of citizens in danger of suffering from social exclusion in the long-term. This includes individuals who are working in positions well below their qualifications, workers in the grey economy who have little or no pension benefits, employees whose benefits are inadequate because they are based on minimal salaries and individuals who do not have the opportunity to participate in various self-improvement activities. Thus, from general exclusion, it is possible to extract two groups of indicators:

- The first group of indicators shows the percentage of the population extremely socially excluded within the context of human development, according to the calculation of HSEI-1;
- The second group of indicators shows the percentage employed (officially and unofficially) who are at risk of becoming socially excluded in the long-term (lack of prospects) according to the calculation of HSEI-2.

a) Extreme Exclusion - HSEI-1

Table 39.
Dimensions and Indicators of Extreme Exclusion (HSEI-1)

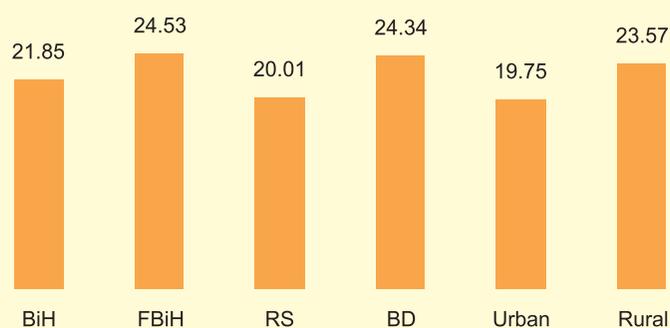
Dimension	Indicators - Variables
1. Living standard	Population without any kind of monetary income Housing - apartment/home without telephone
2. Health	Population without health insurance
3. Education	Population above 15 years without any elementary school education or who did not finish elementary school

Table 40.
HSEI-1 Calculation

Indicators, population, in %,	Symbol NHDR Research	BiH	FBiH	RS	BD	Urban	Rural
1 Without income, S1	D7	31.2	37.0	22.3	37.2	28.4	33.3
2 Apartment/house without telephone, S2	P20	15.6	11.4	22.2	8.4	12.1	18.2
3 Without health insurance, S3	P18	18.3	17.0	21.0	3.6	17.9	18.6
4 Without primary school education, S4	D3	11.3	12.6	9.1	17.7	7.4	14.4
Social Exclusion Index (population in %) HSEI-1= $[1/4 (S1^a + S2^a + S3^a + S4^a)]^{1/a}$, where a =3		21.85	24.53	20.01	24.34	19.75	23.57
Level related to the average in BiH			1.12	0.92	1.11	0.90	1.08
Relation rural/urban							1.19

The results yields a lower but still substantial proportion of 21.85%, i.e. one-fifth of the population is currently suffering from extreme social exclusion. Interestingly, there is a much stronger variation between geographical areas and the Entities.

Figure 20.
Extreme Social Exclusion Index HSEI-1



The calculated index HSEI-1 shows that in BiH about 22% of population falls into the category of extreme social exclusion within the context of human development.

In FBiH, 12% more of the population is socially excluded than the overall BiH average.

One significant difference with extreme social exclusion is between the population of the urban and rural areas. The rural population is 19% more socially excluded than that of the urban areas.

b) Long-term Exclusion - HSEI-2

Table 41.
Dimensions and Indicators of Long-term Exclusion (HSEI-2)

Dimension	Indicators - Variables
1. Living standard	Employed beneath their qualifications Employed not registered - grey economy
2. Health	Employed with benefits on minimal salary
3. Education	Employed without the possibility of additional education

Table 42.
HSEI-2 Calculation

Indicators, employed, in %	Symbol in NHDR Research	BiH	FBiH	RS	BD	Urban	Rural
1 Beneath their qualifications, Z1	P33	9.2	11.2	7.2	*	10.4	8.0
2 Without additional education, Z2	P34	73.7	73.7	73.2	*	74.3	73.1
3 Not registered (grey economy) Z3,	P35	15.1	15.5	14.9	*	16.1	14.2
4 Benefits on minimal salary, Z4	P36	26.7	23.8	30.3	*	24.2	29.3
Social Exclusion Index (% employed) HSEI-2= $[1/4 (Z_1^a + Z_2^a + Z_3^a + Z_4^a)]^{1/a}$, where a =3		47.31	47.14	47.32	*	47.54	47.14

* not available

From the overall numbers of employed (officially and estimated unofficially) over 47% are considered at risk of long-term social exclusion. There are no significant differences across the Entities or between rural and urban populations.

We should remind ourselves that according to the education index, Bosnia and Herzegovina ranks last among the countries of Central and Eastern Europe. Of direct relevance are the data from NHDR-2007 research on the penetration of computer technology among the population.

Table 43.
Population without Computers and Internet Connection

Indicator	BiH	FBiH	RS	BD	Urban	Rural
1. Population without computers in %	69.9	68.9	70.4	89.1	64.2	74.3
2. Population without internet connection in %	87.7	88.3	86.2	98.8	81.7	92.2

These figures underline the relatively low level of electronic/internet penetration in BiH. This may be due to a number of factors, such as lack of money or lack of technical awareness.

ANNEX 3: LAEKEN INDICATORS FOR BOSNIA AND HERZEGOVINA

The Laeken Indicators form the mainstay of the European Union's social inclusion monitoring and evaluation framework. The commitment to a social inclusion agenda was renewed at the meeting of the European Council held in Nice in December, 2000. Heads of states and governments reconfirmed and implemented their March 2000 decisions taken at the Lisbon meeting, that the fight against poverty and social exclusion would be best achieved by the so-called 'open method of coordination'. Key elements of this approach include the definition of commonly agreed objectives for the EU as a whole, the development of appropriate national action plans to meet these objectives, and periodic reporting and monitoring of progress made.

In this context, in December 2001 the Laeken European Council endorsed an initial set of 18 common statistical indicators for social inclusion which will allow comparable monitoring of the progress made by member states towards the EU objectives. These indicators need to be considered as a consistent whole, reflecting a balanced presentation of EU social concerns. They cover four important dimensions of social inclusion - financial poverty, employment, health and education - which highlight the multi-dimensional nature of the phenomenon of social exclusion.

1. Calculation

This is a first attempt to calculate all the Laeken indicators for BiH. The existing data compiled by the statistical institutions in BiH and the results of a number of specific surveys, such as the survey on social exclusion made for the needs of this Human Development Report,¹⁵⁵ served as the statistical basis.

The indicators in full are:

- Indicator 1a: At-risk-of-poverty rate,¹⁵⁶ by age and gender;
- Indicator 1b: At-risk-of-poverty rate by most frequent activities and gender;
- Indicator 1c: At-risk-of-poverty rate, by household type;
- Indicator 1d: At-risk-of-poverty rate, by tenure and housing status;
- Indicator 1e: At-risk-of-poverty rate, by income (illustrative values);
- Indicator 2: Inequality of income distribution S80/S20 - the ratio between the total income of one-fifth of the highest income group and one-fifth of the lowest income group/quintile share ratio;
- Indicator 3: At-risk-of-poverty rate, by gender (60% median);
- Indicator 4: Relative at-risk-of-poverty gap;

¹⁵⁵ NHDR-2007 Survey conducted by Prism Research.

¹⁵⁶ Note that the "At-risk-of-poverty" indicators refer to the proportion of people that are currently at or below the stated poverty line (60% of national medial income as per the EU Laeken Indicators) i.e. those that are currently officially considered impoverished. Despite the naming convention "At-risk-of-poverty" (chosen for consistency with the Laeken indicators), this does not refer to people that are at risk of falling below the poverty line in the future, it refers to those that were already at or below the poverty line at the time of the survey.

Indicator 5:	Regional cohesion (dispersion of regional employment rates);
Indicator 6:	Long-term unemployment rate;
Indicator 7:	Persons living in a jobless household;
Indicator 8:	Early school leavers, not in education or training;
Indicator 9:	Life expectancy at birth;
Indicator 10:	Self-defined health status by income level;
Indicator 11:	Dispersion around the at-risk-of-poverty threshold;
Indicator 12:	At-risk-of-poverty rate anchored at a moment in time of a preceding year;
Indicator 13:	At-risk-of-poverty rate before social transfers, by gender;
Indicator 14:	Inequality of income distribution - Gini coefficient;
Indicator 15:	At persistent-risk-of-poverty rate: by gender (50% median);
Indicator 16:	Long-term unemployment share;
Indicator 17:	Very long-term unemployment share;
Indicator 18:	Persons with low education attainment.

Based on the Household Budget Survey conducted in 2004 (HBS) and the survey 'Living in BiH' (LiBiH), four waves of which were conducted during 2001-2004,¹⁵⁷ the indicators for BiH were calculated.

- **Indicator 1:** At-risk-of-poverty rate is the share of persons with equalized total net income below 60% of the national medial income. This indicator, based on the information of household income distribution within a state, represents a relative measure of poverty.

For BiH, this indicator comes to KM 1,700 per equivalent of an adult person at an annual level, or around KM 142 at a monthly level. In other words, an adult person living in a one-member household is considered as poor if his/her monthly income is less than KM 142. According to this approach, a child below 14 is at risk of poverty if the household members who earn an income spend less than KM 43 of their reported income on the child per month. Considering these monetary values, one should take into account that the reported income can be 30% lower than the real one, since the respondents do not want to disclose their real income for various reasons.

Based on the data provided by the Household Consumption Survey in 2004, 23.7% of the population was, *in the parlance of the Laeken Indicators*, "at-risk-of-poverty", i.e. every fourth citizen of BiH was poor.

- **Indicator 1a:** At-risk-of-poverty rate, by age and gender

According to the age structure the category of persons aged 65 and above has the highest proportion of impoverishment - 31.4%. The lowest risk of poverty is faced by people aged between 25 and 49. With regards to the gender and age structure, females aged 65 or more had the highest proportion of people living at or below the poverty line - 32.7%, followed by males of the same age at 29.6% risk. The lowest risk of poverty is faced by females aged between 25 and 49.

¹⁵⁷ Indicators 1, 2, 4, 7, 11, 13 and 14 were calculated on the basis of the Household Budget Survey (HBS), indicators 3, 5, 6, 8, 10, 12, 15, 16, 17 and 18 were calculated on the basis of the LiBiH, while indicator 9 is a WDI indicator. The NHDR Research was also used.

■ **Indicator 1b:** At-risk-of-poverty rate, by most frequent activities and gender

This is about a relative poverty rate and not an absolute poverty rate. The EU and UN/WB approaches to this are different.

This indicator shows that the unemployed¹⁵⁸ are at the highest risk of poverty, with 37.2% of people in this category being at or below the poverty line, but with a significant difference between unemployed men (43.6%) and unemployed women (26.0%). After the unemployed come those persons who are economically inactive at 28.0%. The lowest risk of poverty is faced by the employed (9.0%). With regards to gender and age structure, the lowest risk is faced by employed women, with only 7.0% of working women at or below the poverty line, and employed men (10.2%). It is interesting to note that the third category at the lowest risk are retired women, with only 9.0% of this group categorized as poor, while in the case of men this proportion is significantly higher (26.5%), compared with the overall average of 23.7%.

If the indicators 1a and 1b are put into context, one can conclude that in the case of the oldest women, the pensions they receive cause a decline of the risk of poverty, while the same does not hold true for men.

■ **Indicator 1c:** At-risk-of-poverty rate, by household type

This indicator shows that at the highest risk of poverty are two-member households where at least one person is older than 65 and where there is no support from the children. In this category, 36.1% of households were found to be impoverished. One-member households with one member aged 65 or more (28.8%) and single-female member households (28.6%) are also higher poverty risk household types. Households with children, with one or both parents, face a below-average risk of falling below the poverty line. The lowest risk of poverty is faced by single male member households, of which, 17.3% are considered poor.

■ **Indicator 1d:** At-risk-of-poverty rate, by tenure and housing status

This indicator shows that tenants are at a higher risk of poverty (26.9%) compared to the owners of housing units (23.2%).

■ **Indicator 1e:** At-risk-of-poverty rate, by income (illustrative values)

This threshold is KM 1,700 per year (60% of equalized income median)¹⁵⁹ or KM 142 per month equivalent. In the case of a four-member household with two children, this amount is KM 3,570 per year or KM 298 per month. As mentioned previously, according to this calculation, a child below the age of 14 is at risk of falling below the poverty line if the household members who earn income spend less than KM 43 on the child per month.

■ **Indicator 2:** Inequality of income distribution S80/S20 - the ratio of the total income of the top quintile of all income earners and the bottom quintile of all income earners.

In BiH this ratio is 8.51, which means that the 20% of the population earning the highest income has an income which is 8.51 times higher than the 20% of the population earning the lowest income. In other words, for every KM 1 earned by a person belonging to the poorest quintile of the population, a person belonging to the richest quintile is earning almost KM 9.

■ **Indicator 3:** At persistent-risk-of-poverty rate, by gender (60% median)

Of people deemed poor in 2004, 72% (70% of men and 73% of women) had held this status over the three previous years. In other words, only one in four persons would rise above the poverty line in the following three years, provided that the social and economic conditions prevailing in 2004 remained unchanged. If this result is calculated at an annual level, this means that only one in 10 people will be above the poverty line next year.

¹⁵⁸ Definition given by the respondents on employment status.

¹⁵⁹ Source: HBS 2004.

■ **Indicator 4:** Relative at-risk-of-poverty gap

For BiH this indicator is 29.4%. When this indicator is multiplied by the poverty line, the result represents the average income needed to lift an adult poor person out of poverty. In BiH that amount is KM 500 per year or KM 41.65 per month.

■ **Indicator 5:** Regional cohesion (dispersion of the regional employment rates)

This indicator is available only in an approximate form of the general employment rate. For BiH, the employment rate in 2004 was 42.7% (according to the LiBiH survey), with a significant difference between men (54.2%) and women (31.2%). This means that there are two employed men for every one employed women, which clearly shows that the BiH labour market is male-oriented.

■ **Indicator 6:** Long-term unemployment rate

This indicator is 17.2%, which means that almost every fifth person fit for work and belonging to the BiH available labour force has been unemployed for more than a year, including 18.8% women and 16.3% men long-term unemployed in 2004.

■ **Indicator 7:** Persons living in a jobless household

For BiH this indicator is 20.9%, meaning that every fifth person in BiH lives in a household where no-one is employed.¹⁶⁰

■ **Indicator 8:** Early school leavers not in education or training

These are individuals aged between 18 and 24 who have at most completed primary school. In BiH this indicator is 65%, meaning that most of the young people who have or have not completed primary school are not included in any further education process. The difference between boys (71.1%) and girls (59.1%) is significant. This indicator shows that in BiH young people who quit school at a certain point are very unlikely to return or take on further training.

■ **Indicator 9:** Life expectancy at birth

In 2003 in BiH, life expectancy was 77 years for women, and 71 years for men.

■ **Indicator 10:** Self-defined health status by income level

A total of 20%, or even 40% of the population on the lowest income defined their health condition as bad or very bad in 10 % of cases, which is four times more than the population with the highest income (20%) who defined their health condition as bad or very bad in 2.5% of cases.

■ **Indicator 11:** Dispersion around the at-risk-of-poverty line

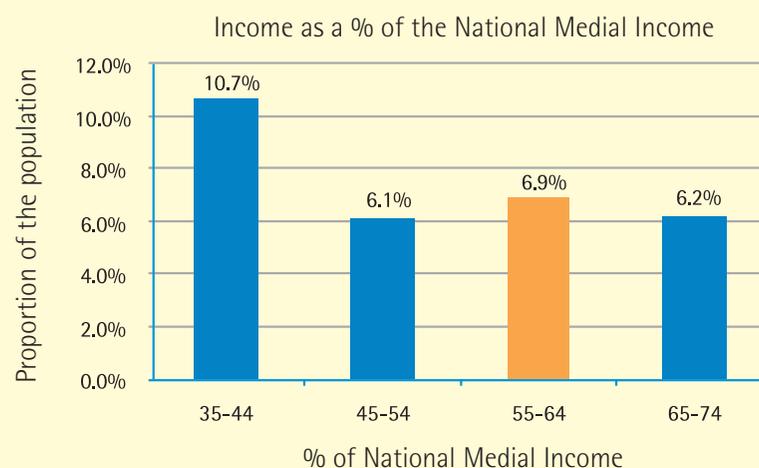
This set of indicators shows the breakdown of various lower-income segments of the population based on their respective proportions of the national medial income. Figure 21 shows that 23.7% of the population is at or below the poverty line (defined as 60% of the national medial income value of 237KM/month - approximately 142KM/month) and are therefore considered poor. Furthermore, the figure shows that 6.2% of the population is at-risk-of-poverty, with household income just above the poverty line.

An important analytical result of this analysis¹⁶⁰ is that, for those individuals at risk of falling below the poverty

¹⁶⁰ Evaluation of the employment status by respondents was used for this indicator.

line (i.e. those earning 65-74% of national medial income), a decrease in their average monthly income of only 24KM/month (a 14% decline) would push them from "at risk" status to impoverished. Alternatively, for the group of households at the poverty line (i.e. those earning 55-64% of national medial income), an increase of 24KM/month (a 17% increase) is required to exit the current state of impoverishment.

Figure 21.
Dispersion of population on the at-risk-of-poverty line



■ **Indicator 12:** At-risk-of-poverty rate anchored at a moment in time of a preceding year

The ratio between the number of persons at or below the 2004 poverty line and the same number based on the 2001 poverty line, corrected for the inflation rate for 2001-2004, is 75%. This indicator shows the increase in overall incomes of BiH citizens between 2001 - 2004. Note that in relative proportional terms, incomes have risen more quickly than the inflation rate, which was very low over the same period. In other words, this indicator shows there was a real increase in incomes. However, as a caveat, considering the different methods used to collect the information on incomes in 2001 and 2004 by the LiBiH survey, this indicator should be treated with caution.¹⁶¹

■ **Indicator 13:** At-risk-of-poverty rate before social transfers by gender

The purpose of this indicator is to determine the effect of social transfers on the risk of poverty. In other words, what would happen if nobody received social transfers next month? If we do not include pensions in social transfers, the influence is small and the proportion of the population below the poverty line increases by around 2%. If we include pensions in the category of social transfers, the number of persons below the poverty line would be increased by about 50%. This clearly shows the importance of the pension system.

■ **Indicator 14:** Inequality of income distribution Gini coefficient

The Gini coefficient for BiH is 0.401. In simple terms, if we pick at random two persons in BiH, the difference between their incomes is expected to be KM 95.

¹⁶¹ For more details, see 'Living in BiH'- Wave 4, Statistical system in BiH.

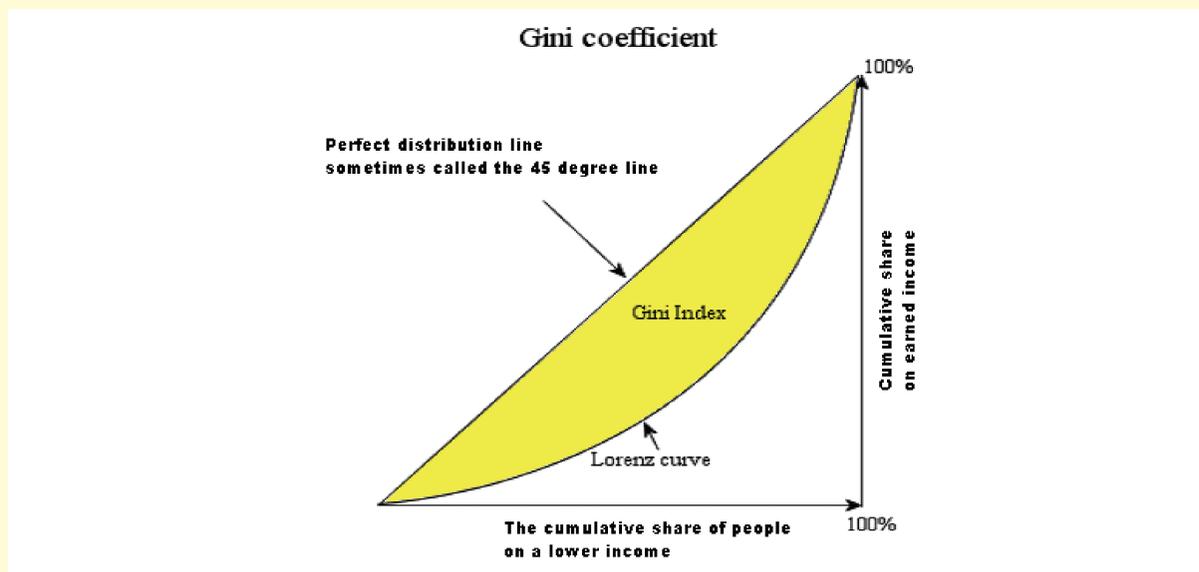
BOX 15. DEFINITION AND INDICATORS OF INEQUALITY

Definition of inequality: The term inequality presents a relative level of distribution of social goods, expressing the relative level of prosperity, i.e. how much a certain population category has in comparison with the rest. Inequality indicators show the level of disproportional distribution of income, expenditure or some other element in the country, region, population group or some other level of desegregation.

Main indicators of inequality: The Gini coefficient of inequality is the most frequently used index for measuring inequality. It represents the average distance from ideal distribution (i.e. distance from the line of ideal distribution) and moves between 0 (which represents the ideal equity) and 1 (which represents complete inequity). Note that one person can have the complete income or expenditure while the rest have nothing. The Gini index is the Gini coefficient articulated in percentages.

The index is based on the Lorenz curve (see Figure 22) which is the graphic presentation of income distribution. On the vertical axis is cumulative income distribution and on the horizontal axis, population distribution. The Gini coefficient is the quotient between set A and sets A and B. The values of the Gini index is the expected difference between the incomes of two individuals or households selected randomly from the entire population. For example, a Gini index with value of 0.6 implies the following: if the average income per capita in a certain population is \$US 1,000, the expected differences in income per capita between two randomly selected households will be \$US 600.

Figure 22:
Lorenz Curve



■ **Indicator 15:** At persistent-risk-of-poverty rate by gender (50% median)

Of people deemed poor in 2004, 70% (70% men and 71% women) of persons who held this status during the three previous years, using 50% median equalized income instead of the usual 60%. This signals how serious poverty is in BiH, since only one in four adult persons is expected to move above the poverty line in next three years, i.e. only one in ten persons in the following year. It indicates the slow dynamics of overcoming the high risk of falling below the poverty line.

■ **Indicator 16:** Long-term unemployment share (in total population of the unemployed)

Most of the unemployed (68.3%) are long-term unemployed. While there is a difference between men (64.7%) and women (74.3%), the rate remains very high in both cases.¹⁶²

■ **Indicator 17:** Very long-term unemployment rate (over 24 months)

In BiH this rate is 14.5%, with a difference between men (13.9%) and women (15.7%).

If we compare this indicator with indicator 16 (the long-term unemployment rate), we can observe that the difference between the two is minimal. This means that the employment dynamics in BiH are very slow and that those who have been jobless for longer than 12 months have little chance of finding employment in the coming year.

■ **Indicator 18:** Persons with low educational attainment (aged between 25 and 64 years)

Almost every second citizen in BiH, or 41.7% of the population, has a low standard of education by EU standards. Every third man (30.2%) and every second woman (53.1%) falls into this category.

With the exception of a slight increase in incomes between 2001 and 2004, the Laeken Indicators reflect long-term poverty, long-term unemployment, and the relation between poverty and unemployment, and between poverty and pension insurance. Furthermore, they indicate that the educational attainment of people of working age is rather low by EU standards and that the education system does not offer second chances to young people who leave school, i.e. that the education system is frequently more exclusive than inclusive with regard to the vulnerable young. In addition, the Laeken Indicators reflect a healthcare system which offers less opportunity to vulnerable groups on lower incomes than those who have higher incomes, and that men have twice as much chance as women to enter the labour market.

¹⁶² According to the Labour Force Survey, long-term unemployment share is slightly higher, 75.1%. See the Labour Force Survey 2006: Preliminary Data, BHAS, Information No.1, Sarajevo, July 27, 2006.

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Table 44.
Tabular Summary of the Laeken Indicators

Laeken
indicators for
BiH Source: HBS
2004

Code	Description	Subpopulation	Value	Notes	Source
Indicator 1a	At-risk-of-poverty rate by age and gender	BiH	23.7%		HBS
		0-15	23.8%		HBS
		16-24	22.5%		HBS
		25-49	21.1%		HBS
		50-64	23.5%		HBS
		65+	31.4%		HBS
		Females	23.7%		HBS
		Males	23.7%		HBS
		Females 0-15	24.0%		HBS
		Females 16-24	21.4%		HBS
		Females 25-49	19.9%		HBS
		Females 50-64	24.8%		HBS
		Females 65+	32.7%		HBS
		Males 0-15	23.7%		HBS
		Males 16-24	23.6%		HBS
		Males 25-49	22.3%		HBS
		Males 50-64	22.2%		HBS
		Males 65+	29.6%		HBS

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Code	Description	Subpopulation	Value	Notes	Source
Indicator 1b	At-risk-of-poverty rate by most frequent activity and gender			HBS and ECHS have different questions about activity status, thus an approximate definition of activity status was used.	HBS
		Employed	9.0%		HBS
		Self employed	25.8%		HBS
		Unemployed	37.2%		HBS
		Retired	24.0%		HBS
		Other economically inactive	28.0%		HBS
		Females	23.7%		HBS
		Males	23.7%		HBS
		Females Employed	7.0%		HBS
		Females Self-employed	21.1%		HBS
		Females Unemployed	26.0%		HBS
		Females Retired	20.9%		HBS
		Females Other economically inactive	28.2%		HBS
		Males Employed	10.2%		HBS
		Males Self-employed	27.1%		HBS
		Males Unemployed	43.6%		HBS
		Males Retired	26.5%		HBS
		Males Other economically inactive	27.6%		HBS

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Code	Description	Subpopulation	Value	Notes	Source
Indicator 1c	At-risk-of- poverty rate by household type				HBS
		One person household, under 30 years	(7.1%)	little data	HBS
		One person household, between 30 and 64 years	19.2%		HBS
		One person household, 65 years plus	28.8%		HBS
		One person household, female	28.6%		HBS
		One person household, male	17.3%		HBS
		One person household, total	24.7%		HBS
		2 adults, no dependent children, both adults under 65 years	21.7%		HBS
		2 adults, no dependent children, at least one adult 65 year and more	36.1%		HBS
		Other households without dependent children	21.5%		HBS
		Single parent households, one or more dependent children	22.6%		HBS
		2 adults, one dependent child	18.1%		HBS
		2 adults, two dependent children	19.4%		HBS
		2 adults, three or more dependent children	23.1%		HBS
		Other households with dependent children	25.8%		HBS
Indicator 1d	At-risk-of- poverty rate by tenure status				HBS
		Owner or rent free	23.2%		HBS
		Tenant	26.9%		HBS
Indicator 1e	At-risk-of- poverty threshold (illustrative values)				HBS
		One person household	1,700 KM	KM 1 = € 0.51129	HBS
		Two adults and two children households	3,570 KM		HBS
					HBS

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Code	Description	Subpopulation	Value	Notes	Source
Indicator 2	Inequality of income distribution S80/S20 quintile share ratio	BiH	8.51		HBS
Indicator 3	At-persistent-risk-of-poverty rate by gender (60% median)	BiH	72%	(of at risk of poverty in 2004)	
		Male	70%	(of at risk of poverty males in 2004)	LiBiH
		Female	73%	(of at risk of poverty females in 2004)	LiBiH
Indicator 4	Relative at-risk-of-poverty gap	BiH	29.4%		HBS
Indicator 5	Regional cohesion (dispersion of regional employment rates)	BiH	42.7%	National level (approx)	LiBiH
		Male	54.2%		HBS
		Female	31.2%		HBS
Indicator 6	Long-term unemployment rate	BiH	17.2%		LiBiH
		Male	16.3%		LiBiH
		Female	18.8%		LiBiH
Indicator 7	Persons living in jobless households		20.9%		HBS
Indicator 8	Early school leavers not in education or training	BiH	65.1%		LiBiH
		Male	71.1%		LiBiH
		Female	59.1%		LiBiH
Indicator 9	Life expectancy at birth				
		Male	71		WDI
		Female	77		WDI
Indicator 10	Self-defined health status by income level	BiH			
		Lowest	9.2%		LiBiH
		2nd	9.7%		LiBiH
		3rd	5.0%		LiBiH
		4th	5.6%		LiBiH
		Highest	2.6%		LiBiH

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Code	Description	Subpopulation	Value	Notes	Source
Indicator 11	Dispersion around at-risk-of-poverty threshold				
		BiH	10.7%	40% of national median	HBS
		BiH	16.8%	50% of national median	HBS
		BiH	29.9%	70% of national median	HBS
Indicator 12	At-risk-of-poverty rate anchored at a moment in time	BiH	75%	(of at risk of poverty in 2004 - annual inflation approx. 2.5% yearly)	
Indicator 13	At-risk-of-poverty rate before social transfers				HBS
		BiH	25.5%	Pensions included	HBS
		BiH	38.5%	Pensions excluded	HBS
Indicator 14	Inequality of income distribution Gini coefficient				
		BiH	40.1%		HBS
Indicator 15	At-persistent-risk-of-poverty rate by gender (50% median)	BiH	70%	(of at risk of poverty (50% median) in 2004)	
		Male	70%	(of at risk of poverty (50% median) Males in 2004)	LiBiH
		Female	71%	(of at risk of poverty (50% median) Females in 2004)	LiBiH
Indicator 16	Long-term unemployment share	BiH	68.3%		LiBiH
		Male	64.7%		LiBiH
		Female	74.3%		LiBiH
Indicator 17	Very long -term unemployment rate	BiH	14.5%		LiBiH
		Male	13.9%		LiBiH
		Female	15.7%		LiBiH
Indicator 18	Persons with low education attainment	BiH	41.7%		LiBiH
		Male	30.2%		LiBiH
		Female	53.1%		LiBiH

ANNEX 4: SURVEY ON SOCIAL EXCLUSION

In June 2006, to support the preparation of the NHDR 2007, a survey on social exclusion was conducted by Prism Research. The survey had a sample of 1,521 BiH citizens over 15 years of age.

The main objectives of this research project were:

- To measure the social exclusion of different categories of the population in BiH;
- To measure the perception of social exclusion by the population;
- To calculate the Laeken Indicators.

The instruments used for the requirements of this project were designed by Prism Research in close cooperation with the Independent Bureau for Humanitarian Issues (IBHI). This Annex provides a description of the methodology, the results of the control and experiences from the field, as well as an overview of the main research findings.

1. Methodology

The details are summarized below, with explanatory text following.

Table 45.
Survey Organization

METHODOLOGY	
Date of the survey	June 2006
Interviewees	Citizens of Bosnia and Herzegovina over 15 years
Sample	Randomly stratified.
Households in FBiH, RS and Brčko District	
Sample size	1,521 interviews with citizens of Bosnia and Herzegovina
Sample is representative at the State level, Entity levels and territories with one ethnic majority for the citizens over 15 years.	
Maximal sample error	For BiH sample N=1521 of interviewees is $\pm 2.5\%$.
Method of interviewing	Face-to-face, personal, face-to-face interviews (in interviewees' households).
Method of household selection	Random Walk Technique
Method of selection of interviewees	Last Birthday Technique
Questionnaire	Developed by Prism Research in close cooperation with IBHI. Altogether, 51 questions + nine demographic questions.

a) Structure and Design of the Questionnaire

Prism Research, in close cooperation with IBHI, developed the questionnaire on social exclusion. The questionnaire was formatted and translated into English by Prism Research, and approved by IBHI and UNDP.

Prior to construction of the questionnaire, in May 2006 Prism Research conducted a review of available sources of information on social exclusion, using the existing studies, surveys, questionnaires and other secondary literature, as well as existing reports and materials addressing the same topic.

While reviewing available materials, Prism Research in particular focused on the existing questionnaires which measure social exclusion/inclusion, and certain indicators for measuring the latter. Since one of the objectives of this research was to calculate the Laeken Indicators for BiH, some questions were included specifically for this reason.

By reviewing available questionnaires from the field of social exclusion, those questions and segments of the questionnaire common to the majority were singled out. The full third section of The European Social Study (ESS)¹⁶³ questionnaire was principally used for compiling the BiH questionnaire. This section measures social exclusion within the ESS basic module.

In addition to certain questions and segments, the basic dimensions and indicators of social exclusion were determined, based on which all questions were then constructed.

Table 46.
Dimensions and Indicators of Social Exclusion

	Dimensions	Indicators
Distributional/material	Labour market	long-term unemployment
	Life requirements	inadequate living standard
	Income	below poverty line
	Education	without any qualifications
	Housing conditions	less than one room per person/without bathroom or WC
	Residential area	bad living conditions in the block and sense of insecurity
	Health	bad state of health
Relational/participative	Social ties	a small number of close friends and limited opportunities for contact with other people
	Political participation	pessimism with regard to influence on politics and lack of interest in politics
	Despair	feeling of loneliness and an overly complicated life
	Family networks	solitary life/disintegration of family
Long-term perspective	Development of living conditions over a certain period	permanently poor living conditions over the past several years
Subjective perspective	Subjective perception of exclusion	inability to participate in social life/feeling of social exclusion

¹⁶³ *The European Social Study - Source Questionnaire (Round 1, 2002)*, Questions C1-C28
http://naticent02.uuhost.uk.uu.net/questionnaire/main_questionnaire_round_2.htm

With regard to determined dimensions and indicators, the questionnaire consisted of five thematic parts - potential areas of social exclusion:

1. Social trust and well being, i.e. subjective perception of exclusion;
2. Social network and participation in social activities;
3. Living conditions - health, housing and feeling of safety;
4. Education, employment and incomes;
5. Demography.

Based on the first draft of the questionnaire IBHI members, together with Prism Research, worked on the final version. The final questionnaire included a total of 51 questions from the above-mentioned fields, and nine demographic questions.

b) Methodology and Sample Selection Procedure

The random stratified sample method was used. The two Entities, FBiH and RS, represented the first stratum. The second stratum was cantons and regions, while the third stratum was made up of the municipalities in corresponding regions and cantons selected by the random sample method.

The following outlines the sample selection method:

- Step 1:** The territory of BiH was divided into two Entities plus Brčko District.
- Step 2:** The territory of FBiH was divided in two large areas with an ethnic majority (Bosniaks and B.Croats). Republika Srpska represented the territory with a B.Serb ethnic majority.
- Step 3:** Each of the three areas with one ethnic majority was later divided into 17 geographical regions in total, proportional to the population in each region in relation to the total population in each of three areas with one ethnic majority.
- Step 4:** Minimally two, and maximally three, municipalities for every region - one for every type of region (regional centres, medium and small municipalities) were randomly selected for the sample. Altogether, the sample included 51 municipalities.
- Step 5:** In each municipality, city and village settlements were randomly selected. The sample encompassed almost 300 different settlements in over 51 municipalities and 17 geographical regions. The ratio between village and city settlements in the sample was 60%:40%. A maximum of five interviews was conducted in one item of the sample.
- Step 6:** Households were selected using the 'random walk method'.
- Step 7:** Household members (interviewees) were selected by the 'last birthday technique'.

Table 48 contains the list of municipalities and number of interviews conducted in each of municipalities. Table 49 contains demographic characteristics of the sample.

c) Training of Interviewers and Response of Interviewees

The fieldwork team for the research consisted of 16 regional coordinators, 45 interviewers, two field controllers and one phone controller. Selection was done on the basis of skills, previous experience, age, gender and regional origin.

Before starting the field research, multi-hour methodological training sessions were conducted with the interviewers and coordinators taking part. The training comprised the following:

- Introduction to the general research methodology;
- Introduction to sampling and interviewing procedures;
- Introduction to the basic objectives of this research;
- Introduction to the special methodology for this research;
- Introduction to the questionnaire and analysis by question;
- Practical role-playing exercises in pairs on how to use the questionnaire;
- Pilot surveying.

Each interviewer, prior to going to the field and after attending training, had to conduct at least one interview in the presence of the coordinator or on his/her own. The quality of work of the interviewers in the field was controlled in two ways. Firstly, after conducting the research, the controller went out into the field and, based on the data from the contact lists and control lists, checked how the interviewers were carrying out the selection of participants, as well as the approach itself and the behaviour of the interviewer during interviews. Secondly, during the field work, the regional coordinators oversaw every completed questionnaire to minimize the possibility of oversight of incorrectly completed questionnaires or systematic mistakes by interviewers. In addition, part of the control was done via telephone from the central office of Prism Research, by the chief coordinator for data collection.

During the surveying the interviewers did not encounter any major problems regarding the readiness of people to take part in the survey. Thus the response rate (the percentage of interviewees who were successfully interviewed in relation to the total number of contacted interviewees) was 72.6%, giving a high sample representation.

Table 47.
Overview of outcome of contacts

OUTCOME	N	%	
1	1,521	72.6	1 Survey completed/finished;
2	8	0.4	2 Partially completed
3	210	10.0	3 Rejection on household level by the person who opened the door
4	51	2.4	4 Rejection of interviewee who was selected for the interview in the household
5	3	0.1	5 Interrupted
8	20	1.0	8 Unable to access the building, facility
9	196	9.4	9 No-one is responding to knocking or ringing
10	33	1.6	10 Selected person in the household who should be interviewed is not found home after second visit
14	2	0.1	14 Language barrier - interviewee does not understand the language
23	2	0.1	23 Unable to reach the address for security reasons
26	7	0.3	26 Other reasons
27	2	0.1	27 Outside sample, quota
38	7	0.3	38 Business firm, catering establishment, a governmental organisation or agency
41	25	1.2	41 No-one lives at the address
44	5	0.2	44 Interviewee does not satisfy interview criteria

The survey was carried out in June 2006 and lasted for more than three weeks. The average duration of the survey was 34 minutes. As expected, the greatest problem identified in the field was a refusal to participate in the survey by the person who opened the door (10%), followed by the failure to find anyone at home in the selected household (9.4%). The interviewees had no problem understanding the questions from the questionnaire.

d) Control and Data Insertion

After completing the field research, all the completed questionnaires were delivered to the Head Office in Sarajevo. As already mentioned, initial control of questionnaires was done by the regional coordinators. When the first control irregularity was identified in completed questionnaires, it was reported to Head Office. Visual and logical control of all questionnaires was carried out at Head Office. Telephone control was done for 10% of the completed questionnaires. Further control and data insertion consisted of the following:

- Data insertion was done using the program Survey System 7.0 and a specified mask was used in order to facilitate the insertion and to keep mistakes by data entry operators to a minimum.

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- The data was transferred and analyzed through the SPSS programme (Software Program for Social Sciences) which was also used for quality control, as well as providing a cross-tabular overview of the results.
- Quality control of the inserted data was done by a random selection of questionnaires, after which control of the data input accuracy was carried out. All answers that were not within the possible scope of answers were checked using the original completed questionnaire. Data errors found were corrected or declared missing if the error occurred during the interview rather than the insertion process.
- In addition, where there was missing data and irregularities, the interviewees were contacted via telephone and missing answers checked and added.

e) Weighting

The results were weighted for the whole of BiH so that they would be representative of BiH by gender, Entity and type of settlement.

f) Analysis of Data

The analysis of data in SPSS was conducted on the sample of 1,521 interviewees. Prior to the analysis, the database was cleaned and adjusted for statistical analysis. Open answers were coded, while questions with multiple answers were turned into multiple variables.

The statistical analysis consisted of the following:

ij) Cross-tabular overview for all questions in the questionnaire according to basic demographic variables:

- Total for entire BiH;
- Entity (RS and FBiH);
- Type of settlement (city, suburb);
- Gender;
- Age;
- Education.

ii) Cross-tabular overview for all questions in the questionnaire according to the following variables:

- Living standard (poor/not poor); ¹⁶³
- Number of household members (up to four/more than four members);
- Number of children in the household (households with or without children).

¹⁶³ Variable living standard provides information about poverty based on simulation of total expenditure of the household. This variable presents the model and not real data based on which living standard is calculated. Variable was constructed by Fahrudin Memić.

2. Summary of Research Findings

As previously noted, one of the main goals of this research, in addition to calculating the Laeken Indicators, was to gain an insight into the perception of social exclusion by the population. Due to the multi-dimensional aspect of social exclusion, the perception of exclusion by the population is most vivid through self-assessment of one's own security, general confidence in other people, social contacts and a subjective assessment of health and living conditions. Accordingly, the results of the research are summarized as follows:

- In this research, we tried to establish how much confidence the citizens of BiH have in other people and in what way they are maintaining social connections and contacts. Asked to appraise honestly other people in general, our respondents expressed a certain measure of distrust in other people's fairness. The people of BiH are more likely to think that most people would try to use them, given a chance to do so, the average mark being 3.9 on a scale from 1 to 10. Further, that most people 'look only to themselves' and are not ready to help others (average mark 3.4). The respondents expressed general distrust in all groups, but particularly in politicians (average mark 1.3), businessmen (2.4) and public administrators (2.7)
- Regardless of mistrust, however, the research showed that BiH citizens in principle often meet up with friends, work colleagues and family members. More than a half the respondents meet their friends every day (29.1%) or a couple of times a week (26.8%). Almost all think that they can get out of the house in their free time anytime they want to (90.1%) and have friends with whom they can talk about private and intimate matters (81.3%). But among those without close friends, there are more elderly persons (older than 55 years) and persons with only a primary education. Regardless of their frequent meetings with friends, it seems that the people of BiH do not participate in social activities on a regular basis. Half of the respondents think that they participate much less (21.5%) or generally less (22.6%) in social activities than most of the people of their age. In addition, few respondents are members of political organizations (8.3%) or non-governmental organizations, cultural associations or sports clubs (9.3%).
- To find out more about how secure the people of BiH citizens feel in general in their town, settlement or street, we asked whether they feel safe walking alone at night. Two-thirds of respondents said they feel very safe (26.5%) or generally safe (48.4%) walking by themselves through their settlement or street, while a certain number do not think it is safe (18.5%) or very unsafe (5.4%) to walk in their neighbourhood at night. In addition, 7.3% of citizens said they had been victims of robbery or physical assault in the previous five years.
- A subjective estimation of health is one of the important indicators for social inclusion assessment. The research showed that almost every fifth respondent thinks her/his health is bad (14.7%) or very bad (3.8%) and that health problems prevent them in some way (17.9%) and to a great extent (8.1%) from participating in everyday activities. As expected, the worst health conditions were reported by those over 55 years. In most cases (60.1%) respondents with bad health receive therapy or go for treatment, while one-third (34.9%) does not. One reason could be that BiH-wide, every fifth respondent (18.3%) has no health insurance. However, both those respondents who are insured and those who are not, point out examples of inaccessibility to health services. For one-third of respondents (33.9%) the biggest problems are treatment costs and long waiting lists for specific services (13%).
- Bad living conditions are a likely indicator of social exclusion. Most respondents have a water supply in their homes (96.6%), electricity (98.5%) and television (96.6%), but a significant number has no heating

(53.6%), sewerage (17.2%) or telephone (15.6%), and a high number have no internet connection (87.7%). The types of household equipment and gadgets give an insight into living conditions and quality of life. A large number of respondents had no microwave (74.9%), PC (69.9%), DVD player (64.9%), iron (60.6%), stereo Hi-Fi or CD player (45.9%), video player (46.5%), car (45.5%), washing machine (13.5%), vacuum cleaner (10.5%) or TV (6.8%). Monetary incomes, as expected, have a major impact on bad living conditions, and are generally reported as being low. Over half the respondents report tough living conditions, with 21% saying they are 'very hard', and 23.5% saying they are 'generally hard'. Other respondents are managing somehow (40.3%), while only 12.6% are satisfied with their current income. It is therefore not surprising that only one-third of respondents (35%) has never been forced to delay payment of bills in the last year, while others regularly find themselves in this predicament (10.2%) or have done so a couple times in the past year. The extent of financial problems becomes particularly transparent when asked whether they would have anyone to ask to borrow money from if they were in financial difficulty. Only 11.5% of respondents said they would have no problems in borrowing money from someone else, while 59.6% would hardly, or only in extremis, manage to do so.

- The responsibilities within households can to a certain degree influence individual social inclusion. The research showed that men and women do not have equal responsibilities in the household; women more often express their frustration from their overbearing household responsibilities. Almost a half of female respondents (49.7%) considered that they have too many obligations at home, while only 23.8% of men feel the same. This finding becomes clearer when we see that women are far more frequently responsible for cooking than men (83.1% of women and 17.9% of men), cleaning (86% of women and 19.3% men), and taking care of the children (41.3% women, 12.2% men). Even though they have more obligations at home, the respondents underline that it is possible to coordinate them with their obligations at work. Most respondents agree that their household responsibilities are completely (31.5%) or up to a certain degree (48.9%) compatible with their responsibilities at work. On this point, there are no significant differences between men and women.
- On the question of employment and work responsibilities, out of the total number of respondents, the percentage of currently employed (26.6%) and unemployed (26.7%) is identical. One-third of them (36.2%) have had their job for the last five years, while the others have been mostly without jobs (58.6%). Among the employed respondents, most of them (78.1%) have a contract for a tentative period and they have been paid by employer (82.7%) in two-thirds of cases (68.2%) on a full, real amount of salary. But every third (26.7%) employed respondent has been paid the minimal salary. More than a half (53.6%) of the employed respondents have a job within their qualifications, while one-third has a job which conforms 'to a certain extent' to their qualifications (31.5%). In addition, because their work is not based on their qualifications, most of the respondents agreed that should they lose the job, it would be hard (27.5%) or practically impossible (27.5%), to find a similar, equivalent job. Relations between employers and respondents are, for the most part, deemed unfavourable. A large majority (73.7%) of the employed respondents said that their employer did not provide any opportunities for additional education or achieving qualifications, or considered career advancement (21.2%). On the issue of general job satisfaction, most of the employed respondents said they were reasonably satisfied with their job, with an average mark 6.4 on scale of satisfaction from 0 to 10.

3. Survey Information

Table 48.
List of Municipalities and Number of Interviews per Municipality

No	MUNICIPALITY	N	%	No	MUNICIPALITY	N	%
1	BANOVIĆI	31	2.04	26	KAKANJ	85	5.58
2	BANJA LUKA	100	6.54	27	KONJIC	9	0.60
3	BIHAĆ	46	3.05	28	KUPRES	9	0.61
4	BIJELJINA	61	4.00	29	LIVNO	14	0.93
5	BILEĆA	24	1.60	30	LOPARE	14	0.92
6	BOS.KRUPA	28	1.86	31	LJUBUŠKI	8	0.51
7	BOSANSKI BROD	34	2.21	32	MAGLAJ	44	2.90
8	BOSANSKI PETROVAC	22	1.46	33	MOSTAR ISTOK	12	0.79
9	BRATUNAC	17	1.09	34	NOVI TRAVNIK	5	0.35
10	BRČKO	33	2.15	35	ODZAK	5	0.33
11	BUGOJNO	11	0.73	36	ORAŠJE	9	0.58
12	ČAPLJINA	16	1.06	37	PALE	30	1.94
13	ČELINAC	58	3.84	38	PRIJEDOR	91	5.97
14	CENTAR SARAJEVO	5	0.33	39	ROGATICA	45	2.96
15	ČITLUK	34	2.23	40	SARAJEVO CENTAR	80	5.25
16	DERVENTA	48	3.15	41	ŠIROKI BRIJEG	12	0.76
17	DOBOJ	41	2.68	42	STARI GRAD SARAJEVO	43	2.80
18	DOMALJEVAC ŠAMAC	5	0.36	43	STOLAC	14	0.93
19	DONJI VAKUF	22	1.46	44	TOMISLAVGRAD	9	0.61
20	FOČA	11	0.72	45	TRAVNIK	22	1.45
21	GORAŽDE	9	0.58	46	TREBINJE	18	1.18
22	GRAČANICA	101	6.66	47	TUZLA	50	3.27
23	GRUDE	15	0.96	48	UGLJEVIK	14	0.92
24	HADŽIĆI	27	1.79	49	VITEZ	13	0.82
25	JABLANICA	8	0.53	50	ZENICA	27	1.78
				51	ŽEPCE	34	2.21
				Total		1,521	100

Table 49.
Demographic Characteristics of the Sample

Demography of the sample		N	%
ENTITY	FBIH	886	58.3
	RS	603	39.6
	Brčko District	32	2.1
	Total	1,521	100.0
GENDER	Men	745	49
	Female	776	51
	Total	1,521	100.0
TYPE OF SETTLEMENT	Urban	652	42.9
	Rural	869	57.1
	Total	1,521	100.0
AGE	15-24	242	15.9
	25-34	299	19.6
	35-44	250	16.4
	45-54	266	17.5
	55-64	182	12.0
	65+	283	18.6
	Total	1,521	100.0
EDUCATION	Without formal education	172	11.5
	Primary education	352	23.4
	Secondary school	782	52.0
	Undergraduate school	115	7.7
	Graduate school/Faculty	66	4.4
	Post graduate/PhD	16	1.1
	NZ/BO	17	1.1
	Total	1,521	100.0
AREA	Bosniak majority	690	45.4
	Croat majority	196	12.9
	Serb majority	603	39.6
	Brčko District	32	2.1
	Total	1,521	100.0

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