

**ANNEX 6:**  
**Summary of recent Human Development Reports for  
Bosnia and Herzegovina**

**Prepared by Dr Steve Goss**

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## 1 Previous Human Development reports for BiH

Recent Human Development Reports for BiH have each taken a country-wide look at a particular aspect of development, but have also shed light on the human development situation in rural areas. This document summarises the following three recent reports, looking in particular at what they have to say about rural areas:

- 2005: [Better Local Governance](#)<sup>1</sup>
- 2007: [National Human Development Report 2007](#)<sup>2</sup> – Social Inclusion in BiH
- 2009: [The Ties that Bind](#)<sup>3</sup> – Social Capital in Bosnia and Herzegovina.

### 1.1 Better Local Governance (2005)

This report looked at the struggle to rebuild and restructure local government and services following the total disruption of the war. A structure of particular importance to rural areas was the “*Mjesna Zajednica*”, or “Local community”. Before the war in Bosnia and Herzegovina, Mjesne Zajednice were a traditional means of community governance. Established on a territorial basis and focused on local issues, Mjesne Zajednice were represented within decision making processes and crucially helped plan and implement local infrastructure projects, particularly local roads and water supplies. Mjesne Zajednice representatives served as an intermediary between citizens and municipal administrations and were especially important in rural areas, where they represented the main tool for communicating and addressing citizens' needs. They had their heyday in the 1970s, rapidly developing throughout the former Yugoslavia.

During the period after the war Mjesne Zajednice were neglected both by local leaders and donor programmes. Most of the early efforts to foster local democracy led by the international community focused on the development of new non-governmental organizations, and it was not until around 2005 that attention began to fall again on the Mjesne Zajednice as a possible solution to rural needs. However, the dislocation and economic disruption that rural areas had experienced meant that there was little concerted

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<sup>1</sup> <http://hdr.undp.org/en/reports/national/europethecis/bosniaherzegovina/name,3301,en.html>

<sup>2</sup> <http://hdr.undp.org/en/reports/national/europethecis/bosniaherzegovina/name,3437,en.html>

<sup>3</sup> <http://hdr.undp.org/en/reports/national/europethecis/bosniaherzegovina/name,19714,en.html>

pressure from local citizens to rebuild these structures; eight years later the situation remains largely unchanged.

The report also highlighted the difficulties that rural inhabitants faced in accessing services such as basic health care and Centres for Social Work. In 1999 the World Bank estimated that only 28 % of the rural population had health insurance<sup>4</sup>, though the situation may well have changed since then.

In primary education, the existence of large numbers of small schools resulted in a costly and weak service, and the report observed that there was scope for rationalisation. It observed starkly that one of the “Tasks and political costs of local governments” in this respect was “Close school and fire staff” – an action that would save public money but increase the distance rural children had to travel to school. By June 2013 a decision on this recommendation was understood to be imminent, though no major changes were expected.

It was in the area of infrastructure that rural-urban disparities were most evident. Access to the public water supply in rural areas was as low as 32 %, whilst access to the public sewerage system ran at 24.5 % of households. The Rural Household Survey presented in the 2013 NHDR showed a much more positive situation by 2011-12, with 99.6 % of rural households having an improved water supply and 92.0 % having improved sanitation – though these encompass other options as well as connection to public water and sewerage, so the figures are not directly comparable.

Public waste collection was found to be a problem throughout the country. In many areas where municipal waste collection had re-started after the war, it was simply trucked out of the towns and dumped, rather than being incinerated or buried in a landfill site. Smaller rural settlements did not have even this service, so illegal dumping had become rampant, with waste often thrown in rivers or simply on the roadsides, presenting a real danger to the environment, public health and water supplies. The situation has improved somewhat since then, though a more systemic approach to it is still needed.

One bright spot in the report was the observation that the old practice of capital cost sharing for infrastructure projects had recently been revived, leading in particular to the upgrading and extension of the rural road network.

The report presented an agenda for change addressing the structure of local government itself and its specific roles in relation to education, health care, social care, utilities, local economic development and environmental development. However, the real underlying challenge was expressed as follows:

*“Reform in BiH, as elsewhere in the world, is embedded in politics, yet our assessment of the potential for political change is pessimistic. The political elite have not shown a commitment to reform and ordinary citizens are apathetic and disenfranchised. Civil society is still weak and BiH lacks a genuine ‘civil space’. Sadly,*

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<sup>4</sup> A social assessment of BiH; World Bank, 1999

*change continues solely to be driven by an increasingly assertive resident international community.*

*It is difficult to see therefore how the necessary reforms can ever come about. Our analysis also suggests a still more negative possibility: that the absence of strategies has not come about by chance or benign neglect, but is a direct consequence of dominant political forces' implicit opposition to change. It is a depressing prospect but the key obstacle to decentralization may not be systemic weaknesses, but outright political opposition.*

*Our response to this possibility must be both positive and assertive. Reform is never the exclusive game of those with power, but a challenge to be achieved by all stakeholders. Real lasting progress is rarely revolutionary in character but is instead made up of a myriad of small and practical steps, taken by all manner of groups. This report seeks to support such a process; its analysis, arguments and proposals form ammunition for all those who are willing to fight for change. We also hold to the view that decentralization has a greater purpose in building the broad consensus that is necessary for comprehensive reform in modern day BiH."*

## **1.2 Social Inclusion (2007)**

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, and has been described as follows:

*"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."<sup>5</sup>*

The report looked at issues of social inclusion in many aspects of BiH society, including economic welfare, health, education, social protection and political participation, and looked particularly at the very pertinent problems of social exclusion on ethnic grounds and the particular challenges faced by those who had been displaced by the war or who now found themselves amongst the ethnic minority in their original homes.

As a new attempt to quantify the problem, the report developed three indices: a general index of social exclusion and two modified forms, one looking at extreme social inclusion and the other at long-term social exclusion. Since these were newly-developed indices, the report was not able to provide comparisons between countries or over time, but a split between rural and urban settlements was possible for all three indices and gave the following results (higher values indicate more serious social exclusion, on a scale of 0-1):

- **General social exclusion:** Almost no difference between urban (50.20) and rural (50.46). The biggest components of this index were non-participation in the work of social organisations (91 % of all respondents), not voting in election (44 %) and living below the income poverty line (35%).

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<sup>5</sup> DFID, *Reducing Poverty by Tackling Social Exclusion*, September, 2005, p. 3.

- **Extreme social inclusion:** More serious in rural areas (23.57) than in urban settlements (19.75). The biggest component of this index was being without any income (33 % of rural and 28 % of urban inhabitants), whilst the biggest rural-urban difference lay in being without primary school education (14 % rural compared to 7 % urban). It was not made clear how families with no apparent income managed to stay alive, though presumably many rural households did at least have the opportunity to produce food and cut firewood.
- **Long-term social inclusion:** Almost no difference between urban (47.54) and rural (47.14). The biggest contributor to this index was being without additional qualifications (74 % of all respondents).

The general conclusion seems to be that social exclusion – as measured by the five dimensions of living standard, health, education, participation in society and access to services – is a BiH-wide problem, rather than a particularly rural problem, and will require country-wide solutions. The report observes that *“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 calls into question the stereotyped views on social exclusion in the case of BiH”*.

What the study did find was wide variations in the provision of health and other services between individual administrative areas, such as Cantons. The report uses municipal-level statistics to examine urban-rural differences for key indicators, and also finds that there are wide differences between municipalities that seem to have little to do with entity or rurality.

In looking at poverty, the report found that poverty incidence was highest in intermediate “mixed” areas, rather than in either rural areas or urban centres. This report also found that non-city urban areas are the most disadvantaged, and makes the case for a three-way division into “city”, “town” and “village”.

The report developed a seven-point agenda to improve social inclusion in BiH:

- Priority One: Develop an inclusive labour market and promote employment as a right and opportunity for all
- 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
- 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
- Priority Four: Place greater emphasis on combating child poverty in order to break inter-generational poverty inheritance
- Priority Five: Provide preventive early education and thus offer an escape from generational deprivation
- Priority Six: Promotion of easy passage from school to work, with schooling better adapted to the needs of the job market

- Priority Seven: Reduce the degree of poverty and wider social exclusion of all ethnic minorities

The report concludes that *“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”* – whilst social inclusion is about far more than just income generation, without money it is hard to achieve a decent standard of living or to deliver health care, education and services, and the poor can be excluded from many aspects of participation in society. The same might be said of rural development – it is about far more than money, but without economic development there is no rural development.

The report notes that the Dayton Agreement, often described as “a terrible way to end a terrible war”, has created a state structure that is complex and fragmented. The divisive political environment and the domination by the ethnically based parties have together spawned indifference among the population towards political participation and the BiH constitution, which formed part of the Dayton Peace Accords, has ironically further encouraged ethnic division.

### **1.3 Social Capital: The ties that bind (2009)**

This report looks at “the ties that bind”, the links between individuals that make society work and life worth living. It introduces the concept of “network poverty”: that someone’s wealth may be measured not only in material terms, but also by their number of friends they have and the personal support systems they have to support them in everyday life – and especially when the going gets tough.

Most of the analysis and conclusions relate to BiH as a whole, but one particular mechanism designed specifically for rural areas is the “Local Action Group” or “LAG” – a European Union initiative which aims to help rural communities improve their economic prosperity and quality of life, and forms an integral part of the EU approach to rural development. They are a networking mechanism to facilitate cooperation between local government, civil society organisations and businesses, and a specific recipient of funding under IPARD, the EU7s Instrument for Pre-Accession in Agriculture and Rural Development, to which BiH hope soon to gain access.

By the time the report was drafted in 2009, Local Action Groups had been initiated in 23 municipalities in BiH, with three of them formally registered and operating independently. By 2012 the situation had consolidated into 9 Local Action Groups covering almost one third of the territory of BiH and one quarter of its population<sup>6</sup>.

Survey results on associational membership found a marked difference between the percentage of the population belonging to associations in urban settlements (22.3 %) and in rural areas (14.6 %). However, most of this difference could also be accounted for by the

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<sup>6</sup> See [www.lag.ba](http://www.lag.ba).

different levels of membership in the two principal cities of Sarajevo and Banja Luka (22.9 %) and in the rest of the country (16.6 %). Looking at economic and demographic indicators rather than social capital, the 2013 NHDR found the same thing: that the big divide in BiH is between the cities and the rest, more than between urban and rural.

A statistical analysis of the Rural Household Survey results, (Annex 5), showed that rural respondents tended to have more trust in their family and in other ethnicities than did their urban counterparts, though the only measure to achieve statistical significance was the “family and neighbourhood dimension”.

In an assessment of the various factors that impeded access to medical services, rural respondents more frequently reported problems than urban respondents across every measure used: distance to doctor; delay in getting appointment; waiting time; official cost; unofficial cost; difficulty due to ethnic background; and length of waiting for additional tests.

Once again, the 2009 report returns to the over-riding issue of constitutions and government, saying that:

*“Despite these positive signs, however, the pace of reform in the country is agonisingly slow. Constitutional reform, although generally recognised as crucial, remains a sensitive topic, in particular with regard to the direction this reform should take. The current constitutional structure, contained within the Dayton Agreement, is unnecessarily complex, unwieldy and expensive. Additionally, it provides for a decision-making structure which is inefficient and unaccountable. As such, it is unable to provide the basis for efficient decision-making or reform that would enable the country to make more rapid progress towards the EU. The European Commission (EC) delegation to BiH has requested that the country establish ‘more functional and sustainable institutional structures, yet there has been no serious attempt to amend or change the Constitution since the Parliamentary Assembly rejected a package of constitutional amendments in 2006.”*

## **2 What do eight years of Human Development Reports reveal about rural development in BiH?**

These past reports provide a number of useful starting points for the 2013 report on rural development:

- They provide some tools and ways of looking at social involvement and its opposite;
- They suggest that, in many respects, something that is an issue in BiH society affects rural and urban dwellers alike;
- They highlight two areas in which rural inhabitants do appear to have a distinct disadvantage: local infrastructure and access to public services;
- They all make very clear that the biggest problems for the common life of the people of Bosnia and Herzegovina are its political division and dysfunctional administrative structure.