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SOCIAL INCLUSION IN BOSNIA AND HERZEGOVINA

2020 National Human Development Report



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Social Inclusion in Bosnia and Herzegovina 2020 National Human Development Report

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Acronyms

ALMP	Active Labour Market Policies
BHAS	Agency for Statistics of Bosnia and Herzegovina
BiH	Bosnia and Herzegovina
CSW	Centres for Social Work
EPSR	European Pillar of Social Rights
ESI	Environmental Sustainability Index
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
GDI	Gender Development Index
HBS	Household Budget Survey
HDI	Human Development Index
IHDI	Inequality-adjusted Human Development Index
IMF	International Monetary Fund
LFS	Labour Force Survey
LNOB	Leaving No One Behind
MDG	Millennium Development Goals
MICS	Multiple Indicator Cluster Survey
NHDR	National Human Development Report
OECD	Organisation for Economic Co-operation and Development
PES	Public Employment Service
PISA	Programme for International Student Assessment
RS	Republika Srpska
SDG	Sustainable Development Goals
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
VAT	Value Added Tax
WHO	World Health Organization

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Foreword

Social inclusion is close to my heart, but not only because it is a fundamental right to live a life of dignity and to actively participate in society or because inclusive societies are more prosperous and resilient. Social inclusion is close to my heart because it is about people. It is about people who regardless of their background should have the opportunity to achieve their full potential in life.

The Embassy of Switzerland in Bosnia and Herzegovina has decided to support the National Human Development Report (NHDR) produced by UNDP with the aim of triggering a debate on social inclusion in Bosnia and Herzegovina. We are confident that the very thorough analysis that has been conducted to produce this report coupled with the many consultations that took place throughout the country has produced an insightful perspective on this important topic.

It is my hope that through this report the debate on social inclusion will be higher on the policy agenda. My hope is that policymakers will read this report and use it as a solid basis for their own actions. It is also my hope that citizens will be inspired and encouraged to ask for reforms and change. My hope is that the international community will cooperate more closely in shaping a social inclusion agenda. This is more important than ever in the face of the COVID-19 pandemic and its devastating effects around the world, especially given the disproportionate effects it is having on those who are most excluded and vulnerable.

“Together we are stronger” is one of the mottos of the Embassy of Switzerland in Bosnia and Herzegovina. I sincerely hope that you will agree with this after reading this report.

Barbara Dätwyler Scheuer
Director of Cooperation
Embassy of Switzerland in Bosnia and Herzegovina

Preface

The pledge to 'leave no one behind' and to endeavour to reach those furthest behind first is vital to the 2030 Agenda for Sustainable Development. The principle of Leaving no one behind leans on two powerful levers in the form of the *human development* and *social inclusion* philosophies. Their combined aim is to enhance opportunities, access to resources, provide a voice and ensure respect for human rights. This approach is at the heart of the work of UNDP in Bosnia and Herzegovina.

In addition to its intrinsic value, social inclusion is also a source of economic strength and higher living standards. Having an inclusive society avoids the costs incurred when people are excluded from jobs, from businesses and from accessing social services.

The COVID-19 pandemic has exposed the fault lines in the social sector systems. Our assessment of the social impact of COVID-19 confirms the findings of the National Human Development Report 2020 and points to a critical need for improvement in terms of the coverage of the social systems in Bosnia and Herzegovina. Those most vulnerable must be included and the social systems must become more efficient by exploring ways to reduce administrative costs and modernise via digital solutions.

The **overarching message of this report** is that a community that treats all of its members with equal respect and guarantees equitable access to social goods and services is stronger, healthier and more resilient. **The integrated networks of social sector institutions that deliver these goods and services are the foundation of a socially inclusive society.**

We will therefore use this report in our work and for engagement with partners in order to jointly make these social sector systems more effective, affordable and accessible for all people.

Steliana Nedera
UNDP Resident Representative

Executive Summary

This National Human Development Report on Social Inclusion in Bosnia and Herzegovina is a continuation of the research undertaken through two previous human development reports. In 2007 UNDP produced the National Human Development Report on Social Inclusion in Bosnia and Herzegovina, which provided a unique insight into those **population groups that remained vulnerable to social exclusion** more than a decade after the end of the conflict. The National Human Development Report on Social Capital followed in 2009, exploring in detail how **individuals assessed their social relationships** in post-conflict Bosnia and Herzegovina. By recording the perceptions that citizens had in relation to their social life and institutions these two reports established a **baseline of social data** from which it was possible to measure the direction of social change in the country.

This 2020 National Human Development Report was commissioned to assess what has been achieved over the past decade. It does so by focusing on the structural dynamic of inclusion (instead of a static measurement to assess the characteristics of exclusion) when assessing the performance of the networks of social institutions, whose proper function is to ensure the well-being and participation of all members of society. The report **approaches social inclusion as the dynamics of the interaction between an individual and his or her social, legal and economic environment**. Asking whether a person is able to participate equally in the society leads to the identification of gaps and barriers to participation.

The assessment of social inclusion in this report is connected to the concept and measurement of human development and to the principle of ‘leaving no one behind’¹ that is enshrined in the 2030 Agenda for Sustainable Development. The **Introduction** to this report summarises the methodological frameworks within the concepts of social inclusion and human development used by the United Nations and the European Union. **Chapter 1** of the report proceeds with mapping the status of human development in Bosnia and Herzegovina through the Human Development Index, the Inequality-adjusted Human Development Index and the Gender-adjusted Human Development Index. Thus, the report 1) emphasises the importance of the process of inclusion and 2) shows that social inclusion is an important contributor toward the country’s success in achieving the Sustainable Development Goals (SDGs).

The report connects all available national and international data and statistics on the subject and in this way creates a valuable reference document. However, the authors acknowledge that much of the information is neither comprehensive nor up-to-date and that better data and statistics on human development and the SDGs should be in the focus of future development assistance.

While human development provides a strong focus on what needs to be achieved, social inclusion focuses on how it can be achieved. By adopting the view of inclusion as a process, the report reviews social inclusion in Bosnia and Herzegovina from two angles: from the point of view of institutions and from the point of view of citizens. Chapter 2 and Chapter 3 of the report cover these two dimensions of analysis.

¹ The principle of ‘Leaving no one behind’ reflects the commitment to eliminate the multidimensional causes of poverty, exclusion, inequality and discrimination and to reduce the often intersecting vulnerabilities of the most marginalised men and women, children, refugees, internally displaced persons, migrants, minorities, indigenous peoples, stateless persons, people living with disabilities, people living with and affected by HIV, the elderly and populations affected by conflict, natural disasters and health emergencies. It implies the need to strengthen national systems and processes of accountability in order to monitor progress and provide remedies. It also means that the goals and targets set out in the 2030 Agenda must be met for everyone, including those who are the poorest, most vulnerable and furthest behind. Every person counts and should be counted and every person should have a fair opportunity in life no matter who they are or where they live.

Chapter 2 provides the view from the centre, reviewing the social sector systems in Bosnia and Herzegovina (education, health, labour market and social protection) in order to understand how they function individually and more importantly how well they interact as parts of an integrated system. It does so by first presenting the internationally comparable outcomes in each sector, their formal structure and the delivery and quality of services in each sector and then identifies the gaps in provision and barriers to accessing services that lead to the exclusion of some members of society and their remaining invisible to others.

The social sector systems in Bosnia and Herzegovina have two common features that determine their individual functioning but also their ability to function as part of an integrated system. Firstly, education, healthcare, social insurance and social assistance still rely on the foundation inherited from the Socialist Federal Republic of Yugoslavia with its Bismarckian origins. The pre-war social sector institutions were designed for a relatively egalitarian society, but nowadays those institutions operate under completely different conditions and are unable to provide the same quality of care and equality of access to all citizens. Second, the governance architecture of Bosnia and Herzegovina set under the Dayton Peace Agreement means that the administration and the financing of the social systems is divided among a number of authorities and influenced by political factors. This leads to an overall higher cumulative cost for each social sector system, to differences in service provision for the beneficiary depending on his or her place of residence and status and to the inability of the systems to function as part of an integrated system due to their fragmentation.

The review of the social sector systems is set against the backdrop of the **demographic trends** in Bosnia and Herzegovina. The correlations are clear. The report shows that population movements are influenced by access to and the quality of social/public services, while in the long term the drop in population numbers will have an effect on the cost and functioning of the social sector systems.

The population of Bosnia and Herzegovina is ageing and is shrinking demographically. Although the birth rates are similar to those of the EU, the population decline is driven by a sustained and increasing rate of emigration. Since 2014, the data show a shift to entire (and younger) families leaving to seek their future in other countries. The three top reasons to consider leaving the country are economic reasons (71 per cent), the unstable political situation (66 per cent) and the future of their children (61 per cent).



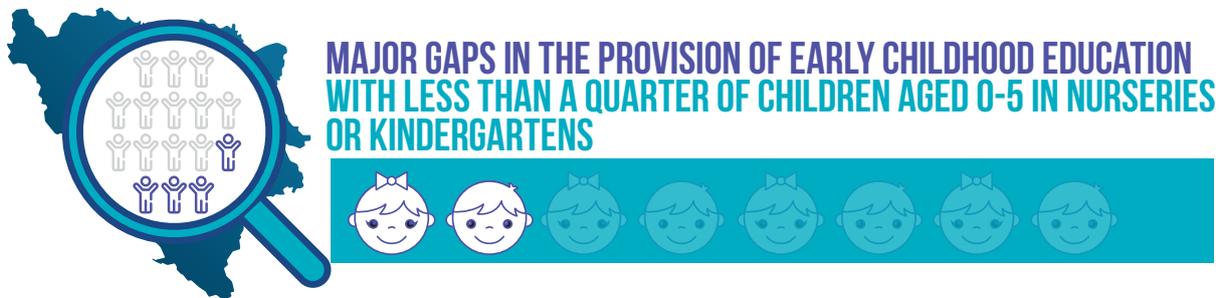
Source: Social Impacts of COVID-19 in Bosnia and Herzegovina: Household Survey, UNDP, UNICEF, 2020.

The emigration of persons of prime working and childbearing age from Bosnia and Herzegovina to take up employment in other countries will affect its population structure, birth rate, labour force, the economy and society as a whole and have significant implications for the future of the country. The impact that the COVID-19 pandemic will have on population numbers (mortality rates, permanent returns from host countries) is not clear yet and therefore the long-term effect cannot be assessed.

Along with emigration, the internal movement of the population is the second most important demographic trend. There is a clear pattern of migration from poorer and less developed areas to richer ones and from rural to urban areas where the possibility of finding work is greater and there is better infrastructure, services and standard of living. The outcome is clear spatial inequality (fuelled also by the governance and public finance management arrangements) where less mobile and more vulnerable groups of people are left behind in areas that are poorer in resources.

The chapter proceeds with a detailed look at each sector and shows that the unequal distribution of resources across the country affects the availability of services and creates barriers. This affects in particular members of lower income, vulnerable and minority groups in terms of access and this pattern is repeated throughout the systems reviewed in this report.

In the **education sector** the **primary education** system in Bosnia and Herzegovina performs comparably with the region and yet a closer look reveals major gaps in the provision of early childhood education with less than a quarter of children aged 0-5 in nurseries or kindergartens. Access to early childhood education would not only improve learning outcomes, retention and the transition to secondary and higher education but would also allow more women to participate in the labour force.



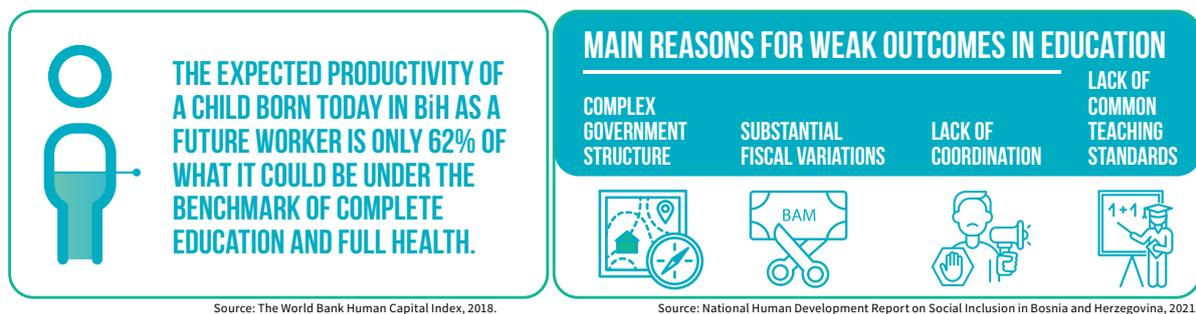
While compulsory primary education (nine years of schooling from age 6 to 15) effectively covers all children, in secondary education the family income and place of residence play a greater role. The latter creates barriers for some rural children and children from vulnerable groups in terms of accessing a technical school or secondary school and therefore increases the risk of their ending their education at this point.

Regardless of the fact that school is compulsory for all children, social, economic or practical barriers can lead some pupils to drop out after they have completed their lower primary school education. A recent Local Action Research on Scale and Causes of Education Dropout² conducted in eight municipalities found that a lack of motivation, lack of parental support and the need to work were the reasons most frequently given for dropping out of school, followed by moving to another country and lack of transportation.

2 Zevčević, I., 2018.

The study found that the children most at risk were those from socially vulnerable families with parents who were unemployed and lacked the basic financial resources, children with special needs and Roma children. Dysfunctional families and domestic violence were also found to be risk factors. In agricultural households there is also pressure from within the family to join in seasonal work. This can encourage families to pull their children out of school in order to help with agricultural tasks, which can lead to them having to repeat a grade or not return at all.

According to the World Bank’s Human Capital Index,³ the expected future productivity (as a future worker) of a child born today in Bosnia and Herzegovina is 62 per cent of what it would be if he or she was in full health and had completed a high quality education. This reflects a serious human capital crisis, with strong implications for economic growth and the ability to end extreme poverty by 2030. The European Commission assesses that the enrolment policies are inefficient in terms of channelling pupils into fields of study that are in demand in the labour market.



The emigration of the work force and the mismatch with education outcomes has a direct impact on the **labour market**⁴ in Bosnia and Herzegovina. The underlying systemic issue of fragmentation is present here as well. Both entities have constitutional mandates over labour and social policy legislation, which effectively creates two labour markets each with a relatively small labour force. Both have structural segmentation between the public and the private sectors. An International Monetary Fund report from 2015 points out that the size of the public sector in Bosnia and Herzegovina is one of the largest in the region, mostly owing to its complex governance structure.

Women have lower participation in the labour market than men, which can be attributed to the lack of adequate childcare options at the preschool level, the lack of care services for the elderly and for people with disabilities, the lack of flexible or part-time employment options and inadequate maternity regulations. All of these aspects push women into the unpaid or poorly paid care economy and the informal job market.

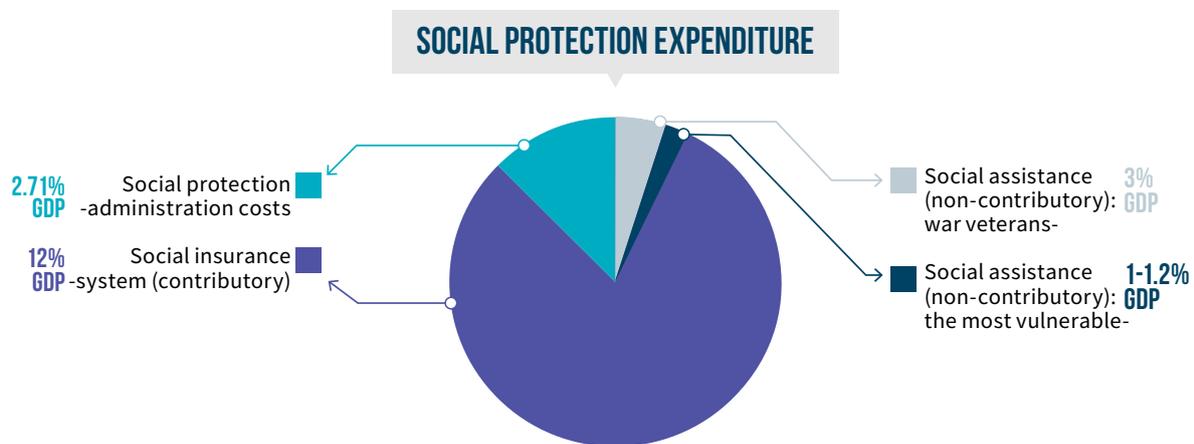


³ The Human Capital Index measures the amount of human capital that a child born today can expect to attain by age 18, given the risks of poor health and poor education that prevail in the country where he or she lives. It is designed to highlight how improvements in current health and education outcomes shape the productivity of the next generation of workers, assuming that children born today experience the educational opportunities and health risks that children in this age range currently face over the next 18 years.

⁴ Commission Staff Working Document. Analytical Report. Accompanying the document Communication from the Commission to the European Parliament and the Council. Commission Opinion on Bosnia and Herzegovina’s application for membership of the EU. Brussels, 29.5.2019 SWD(2019) 222 final.

Employment alone does not guarantee social inclusion. The quality of the job matters in terms of remuneration and security (long-term employment, training opportunities and career development as well as unemployment and other social insurance coverage). In the EU in 2015, 9.5 per cent of those in employment reported having insufficient earnings. In Bosnia and Herzegovina in 2015, 24.5 per cent of those in employment were found to be at risk of poverty.⁵

The high social insurance contributions associated with formal employment in Bosnia and Herzegovina have led to a situation where an estimated 25 per cent of the labour force is in informal employment and therefore does not pay contributions into the system.⁶ This concerns low wage earners especially as it leads to the long-term disadvantages of lack of pension and unemployment/disability and health coverage. Others can be formally employed but their employers may delay or fail to make payments to the insurance funds, leaving their employees without entitlement to benefits. The proportion of persons aged between 15 and 24 who are in the labour market but not in employment in Bosnia and Herzegovina is the highest in the region (closely followed by North Macedonia).



Bosnia and Herzegovina spends 18.8% of its GDP on social protection. 2.7% of GDP is spent on social protection administration, while the remaining 16% of GDP is distributed as benefits. Of this amount, 12% of GDP is earmarked for the social insurance system, while 4% of GDP is spent on the social assistance system. Further analysis of the social assistance system reveals that 3% of GDP is spent on the status-based benefits of war veterans, while approximately 1.2% of GDP reaches the most vulnerable people.

Turning to the area of **social assistance**, the report looks at the highly uneven coverage of social benefits and stresses that social transfers are insufficient to keep at least one-sixth of the population of Bosnia and Herzegovina from the risk of poverty.⁷ As elsewhere in Bosnia and Herzegovina, the social welfare system is distributed under the management of the entities and shows different levels of funding as well as significant criteria-based differences. The existing social assistance system creates inequality among its clients based on both their place of residence (territorial inequality) and the social category to which the user belongs (status-based inequality).

Overall, the social assistance system in Bosnia and Herzegovina fails to reach many of the most vulnerable and to keep them from descending into poverty. The actual expenditure on families with children and persons with non-war related disability as well as other vulnerable individuals in Bosnia and Herzegovina is between 1 per cent and 1.2 per cent of GDP, the lowest in the region. Furthermore, only 1.9 per cent of the total population and 6.2 per cent of the poorest benefit from means tested permanent and/or one-off social assistance. This is a very low level of coverage when compared with other countries in Europe and the Central Asia region.⁸

5 Obradović, et al., 2019a.

6 Informal workers are those who do not have access to social insurance and do not have associated social security contributions. Labour Force Survey 2017. (Cited from a World Bank Project Information Document, 2 April 2020).

7 World Bank, 2009.

8 World Bank, Report No: PAD3856, 2 April 2020, p. 15.

The social services through the centres for social welfare receive high ratings in terms of satisfaction from their users. However, the systematic underfunding and understaffing of these centres and the rigid eligibility requirements and onerous means testing documentation mean that benefit management absorbs the bulk of their time. This leaves little time for outreach, follow-up and counselling, which should be the focus of their work. While a few centres for social welfare are able to employ dedicated benefit counsellors, many do not even have the staff or budget to conduct home visits.

Budgetary complexity and the lack of coordination between the healthcare system and the social assistance system also result in a lack of formal care provision in institutions. There are very few day care centres for persons with disabilities and although foreseen in the laws financial support to family members with full time responsibility for persons with disabilities is dependent on inadequate budget funding. Where care for persons with disabilities is available the institutional forms of social protection continue to dominate and this has an adverse effect on the development and social inclusion of these persons.⁹

At 9.2 per cent of GDP, healthcare expenditure in Bosnia and Herzegovina is the highest in the region yet has lower health outcomes, less medical staff and number of hospital beds in comparison with the neighbouring countries. Again, this is in part a result of the devolved administration that entails substantial duplication and hinders coordination.



The inherited system of social insurance (healthcare, old age pension insurance, unemployment and disability insurance and in Republika Srpska child protection) in which entitlement is linked to employment and based on paid contributions is a driver of exclusion and a barrier to access to services. An average of 20 per cent of the population is not covered by health insurance, including a significant proportion of poor and/or individuals outside the formal economy who are vulnerable according to one or more dimension.¹⁰

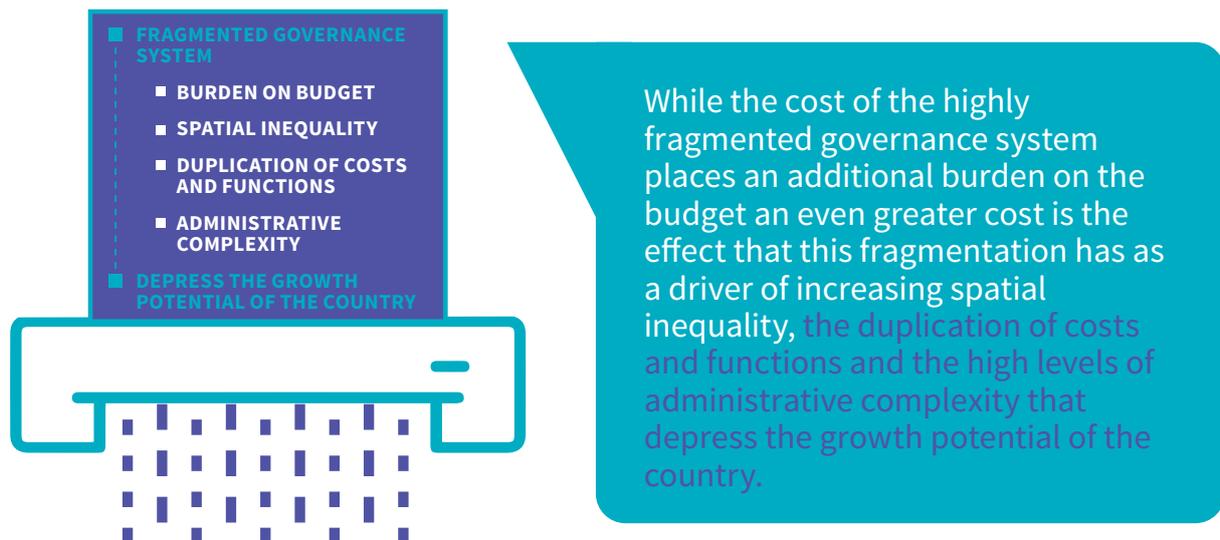
Although in the updated Joint Socio-Economic Reforms for the Period 2019–2022¹¹ the entity governments committed themselves to implement health reforms this process has slowed down because of the COVID-19 pandemic.

In the last part of this chapter the authors examine the **financing of the social systems (including taxation)** and discuss how this influences inequality and exclusion. They conclude that the administrative costs of the system of government in Bosnia and Herzegovina are considerably higher than elsewhere in the region and in the European Union.

9 ERP (2018–2020).

10 This relates in particular to the self-employed and farmers who fail to pay direct contributions and the unemployed in the Federation of Bosnia and Herzegovina who fail to register along with Roma people and other persons without identity documents and the elderly who cannot navigate the system and the dependents of these persons.

11 Bosnia and Herzegovina Economic Reform Programme for 2019–2021, January 2019, Sarajevo.



In developed countries, systems of progressive taxation collect and redistribute income in order to moderate the effects of market forces and the unequal distribution of natural and other resources. This is done through a broad range of social and economic mechanisms. While Bosnia and Herzegovina inherited a number of these mechanisms their effectiveness in reducing poverty, inequality and social exclusion is limited by externally imposed fiscal constraints, major gaps in system design, the failure to provide adequate funding and the persistent weakness of institutional coordination.

With the single exception of the level of development indicator for the allocation of indirect taxation revenue to the municipalities in the Federation of Bosnia and Herzegovina, the systems of taxation and distribution of tax revenue lack any mechanism for redistributing resources from higher income to lower income areas. While Republika Srpska does distribute both indirect and direct taxation revenue according to a formula that takes into consideration the level of development and population size, the social transfers, social services and social insurance, income replacement rates suffer from the same limitations as in the Federation of Bosnia and Herzegovina.

As noted in all previous studies on non-contributory benefits in Bosnia and Herzegovina and as cited in the section on social protection, the mechanism for redistributing income from higher income to lower income individuals is deeply flawed. Bosnia and Herzegovina devotes the smallest proportion of GDP of any country in the region by a wide margin to social assistance and has the highest proportion of administrative expenses. While the pension system in Bosnia and Herzegovina appears to be generally successful in keeping its beneficiaries from falling into poverty in old age a significant share of the population is excluded from coverage and the social assistance system is clearly ineffective in reaching and sustaining the most vulnerable.

Instead of reallocating funds from higher income to lower income areas in order to reduce inequality and support their development, the system of taxation in the Federation of Bosnia and Herzegovina recirculates revenue back in the same proportions in which it was paid and thus reinforces the existing inequality. Indirect taxation in the Federation of Bosnia and Herzegovina is redistributed following a heavily weighted formula to those areas with the largest populations and therefore the areas with the highest concentration of employment opportunities, lowest unemployment and highest income levels. These areas attract people from the poorer regions, while the poorer regions are then further penalised by a reduction in their flow of indirect taxation revenue and this in turn further reduces their ability to fund public and social services.

Income tax and social insurance contributions do not incorporate a redistributive mechanism because they are retained within the cantons and municipalities that collect them, enabling wealthier areas with higher wages and employment to collect more through taxation and allowing more to be spent on public and social services. Poorer cantons and municipalities with smaller tax bases, lower wages and higher underemployment and unemployment rates continue to see their revenue decline along with the quality, scope and availability of the services that they are able to provide to their populations, which further reinforces the cycle of increasing territorial inequality.

The key conclusion of this chapter is that a social welfare system of Bismarckian origin, already under pressure in many countries as a result of ageing populations, in Bosnia and Herzegovina experiences magnified pressure by steadily rising emigration of working and childbearing age citizens, relatively low female labour force participation and a significant proportion of the labour force in informal employment and therefore not paying into the social insurance system¹² as well as pervasive under-reporting of earned income in the formal economy. **The complexity of these factors, against the backdrop of the complex system of governance set up through the Dayton Peace Agreement has led to social sector institutions failing to ensure social inclusion for all citizens.**

The authors also recognise that socially disfavoured groups face not only institutional barriers or a lack of awareness of their particular needs and rights but in some cases active prejudice and discrimination. Where solid data on children or adults with disabilities, disabilities, Roma people or other minority communities and people in extreme poverty was available, these factors were integrated into the analysis as was the gender dimension. However, the authors flag that much of the information is neither comprehensive nor up-to-date.

Turning to the **citizens' view on social inclusion and social cohesion, Chapter 3** of the report presents the findings of a case study of seven municipalities¹³ selected to reflect a range of characteristics, including size, ethnic composition¹⁴ and urban/rural and geographical location. Three complementary research methods combining qualitative and quantitative approaches were applied in order to collect information. Firstly, the initial mapping of local services together with public transportation routes helped identify issues related to access to the service. Second, workshops with municipal and local administrators, service providers and citizens were used to correct and validate these maps. The workshops also recorded the participants' assessments of the six most pressing problems in their communities.¹⁵

These were **emigration or internal migration** to another part of the country, the **lack of investment in infrastructure** (such as road maintenance) and the lack of affordable public bus services coordinated with the working hours of administrative offices and public service providers. Another priority problem was **accessibility and support for people with disabilities and the elderly**, which the majority found to be inadequate. The issue of **inequality** was raised in relation to the level and/or availability of child benefit, public transportation and school buses and emergency services and community service grants in their communities. There was uniform praise for the **services provided by the centres for social welfare** and yet social workers stated they spend the majority of their time finding ways around rigid eligibility requirements to secure benefits for those in need. The lack of sufficient staff and funding means that professional social workers are unable to dedicate enough time to their key functions and active outreach to vulnerable individuals and families.

12 Estimates range from 15 per cent (Laudes et al., 2015) to a high of 30 per cent (Pašović and Efendić, 2018). Cited from Obradović, N., 2019b.

13 City of Bijeljina and the municipalities of Gradačac, Ilijaš, Laktaši, Ljubuški, Nevesinje and Tešanj.

14 Around 96 per cent of the population of Bosnia and Herzegovina belongs to one of the three constituent peoples: Bosniak, Serb or Croat. The term 'constituent' refers to the fact that these three groups are explicitly mentioned in the Constitution and that none of them can be considered a minority or as immigrants. Because of its widely embraced usage, the term 'ethnic group' is used in this report interchangeably with the term 'constituent people'. In addition to its constituent peoples, Bosnia and Herzegovina is also home to many national minorities including Jewish, Roma, Albanian and Macedonian people.

15 The completed municipal profiles, maps and mapping software as well as workshop summaries and survey results will be handed over to the second phase of the project Strengthening the Role of Local Communities for use in its future activities (See Appendices 3A to 3G).

CITIZENS PRIORITISE 6 ISSUES IN THEIR COMMUNITIES



EMIGRATION
OF YOUNG
FAMILIES



LACK OF INVESTMENT
IN LOCAL INFRASTRUCTURE



INADEQUATE
SUPPORT AND FACILITIES
FOR PEOPLE WITH
DISABILITIES



**LACK OF SUFFICIENT
STAFF AND FUNDING**
FOR CENTRES
FOR SOCIAL
WELFARE



INEQUALITY
IN RELATION
TO CHILD BENEFIT,
PUBLIC TRANSPORTATION
AND SCHOOL BUSES,
EMERGENCY SERVICES
AND SERVICE GRANTS
IN THE COMMUNITY

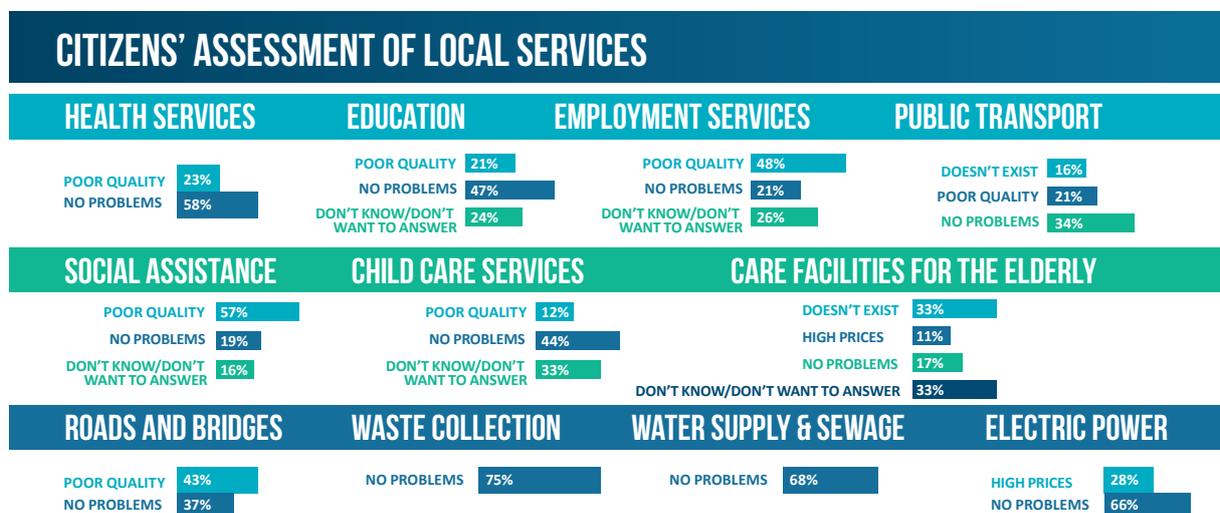


CLIENTELISM
THE NEGATIVE
EFFECTS OF POLITICISED
PUBLIC PROCUREMENT
AND THE NON-COMPETITIVE
APPOINTMENT OF
PUBLIC EMPLOYEES

A number of participants stressed the negative effects of **political influence** on public procurement and the non-competitive appointment of public employees.

Lastly, a **representative sample survey** was carried out in order to collect **perceptions on the availability and quality of services, personal social connections and community life** in the surveyed municipalities. The survey drew questions from the 2009 National Human Development Report related to household composition, social interaction and perceptions and the assessment of community services. The size of the survey sample was designed to ensure the same level of statistical validity as the earlier survey that was conducted in the same geographical locations. This was done in order to allow for a comparison of the responses over time.¹⁶

The **citizens' assessment of local services** shows that quite a large number of respondents were dissatisfied with social services. Thus, 57 per cent of the respondents assessed social assistance as being of poor quality and 48 per cent of respondents reported that employment services in their locality were of poor quality. In terms of care facilities for the elderly, 33 per cent of respondents stated they do not exist, 11 per cent reported high prices and 33 per cent did not know. Satisfaction with childcare services was higher with 44 per cent of respondents not reporting problems and only 12 per cent reporting poor quality. When assessing health services, education and public transport, 23 per cent, 21 per cent and 21 per cent of respondents respectively marked these services as being of poor quality. Considering other local public services, 43 per cent of respondents were of the opinion that the roads and bridges in their locality are of poor quality. Higher satisfaction was reported with water supply and sewage, waste collection and electricity supply with 68 per cent, 75 per cent and 66 per cent of respondents respectively responding that they do not have any problems. However, 28 per cent complained of high prices for electricity.



¹⁶ Although only representative of the sampled municipalities, the survey results could be interpreted as a reflection of the wider community. The responses offer a more detailed perspective on the availability of facilities and services in the communities and add the dimension of personal connections.

The survey showed that **social connections** across ethnicities have weakened over the past decade. In 2019, 70 per cent of Bosniak respondents reported having no Serb friends compared to 55 per cent in 2009. Similarly, 72 per cent of Serb respondents reported having no Bosniak friends in 2019 compared to 49 per cent in 2009. In 2019, 96 per cent of Croat respondents reported having no Serb friends (compared to 57 per cent in 2009) and 94 per cent of Croat respondents reported having no Bosniak friends (compared to 55 per cent in 2009). The survey showed that people are less likely to interact with members of a different ethnic group at work, in education or socially or through cultural activities and even when driving through one another's territory and are therefore far less likely to have such contacts compared to the time before the conflict in the 1990s and more poignantly compared to a decade ago.

SOCIAL CONNECTIONS ACROSS ETHNICITIES HAVE WEAKENED OVER THE PAST DECADE



The weakening of social ties is also reflected in the responses on support networks. Only 13 per cent of respondents reported having spent time with neighbours almost every day in 2019, which is a significant drop from 32 per cent in 2009. In 2019, 94 per cent of respondents relied on family members for help in case of illness reflecting an increase of 7 per cent compared to 2009. Reliance on close friends for advice,

emergency funds or support increased over the last decade.



The key findings of this chapter resonate with the key issues reported in Chapter 2, which assessed the institutional structures. This provides validation but also a people's voice on social inclusion issues in Bosnia and Herzegovina.

The review of social inclusion support mechanisms in Bosnia and Herzegovina carried out in the report under Chapter 3 reveals a set of fragmented political, administrative and economic institutions and a chronically underfunded social sector that is incapable of ensuring the equitable provision of essential social goods and services to all. While the majority of those who are denied access to these rights are indistinguishable from their fellow citizens, persons with disabilities, members of disfavoured minorities and those without social or economic resources are most at risk.

Over the past 25 years, Bosnia and Herzegovina has changed from a country with relatively low inequality and high social mobility, based on equitable access to social goods, into a country with a relatively high level of inequality and low social mobility.

Chapter 4 makes recommendations for policy action that are in line with the SDG indicators and contribute to the achievement of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals. The recommendations include numerous mutually reinforcing cross-linkages introduced in the order of the sections of the report and noting linkages to other sectors.

INTRODUCTION

The basic purpose of development is to enlarge people's choices. In principle, these choices can be infinite and can change over time. People often value achievements that do not show up at all or not immediately in income or growth figures: greater access to knowledge, better nutrition and health services, more secure livelihoods, security against crime and physical violence, satisfying leisure hours, political and cultural freedoms, and sense of participation in community activities. The objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives.

*Mahbub ul Haq (1934–1998)
Founder of the Human Development Report*

Human development and social inclusion

The United Nations Development Programme (UNDP) introduced the concept of human development and the Human Development Report in 1990. A few months earlier, the European Union had introduced the concept of social inclusion¹⁷ by drawing on the same philosophical roots. Over time, both institutions developed indicators to measure achievement and to encourage Member States to produce regular progress reports.

Both of these conceptual frameworks proceed from a belief in the intrinsic value of human life and a commitment to the dignity and equality for all members of the human community. In addition to the standard indicators of economic development, each framework includes aspects of human well-being that cannot be represented through a money-metric proxy. **Each framework expresses either explicitly or implicitly the obligation of a state to its citizens to act in the interests of society as a whole through its social and economic policies.** The fact that these concepts emerged at the end of the 20th century reflects the growing recognition that economic growth, while necessary, is clearly not sufficient to produce equitable and stable developed societies.

As they have been applied and developed over the past thirty years, the two concepts have broadened to both resemble and reinforce one another. Social inclusion adds the process dimension to the human development concept, namely the agents, groups and institutions that exclude or include. While the concepts are complimentary in terms of policy, the concept of human development provides a stronger focus on what needs to be achieved whereas social inclusion focuses on how it can be achieved.

¹⁷ Initially phrased as social exclusion: Resolution of the Council of Ministers for Social Affairs on Combating Social Exclusion (89/C277/01).

Box 1.

The dynamics of social inclusion

Social inclusion is defined as the process of improving the terms of participation in society for people who are disadvantaged on the basis of age, sex, disability, race, ethnicity, origin, religion or economic or other status through enhanced opportunities, access to resources, voice and respect for rights. The concept of social inclusion adds focus on the process, namely the dynamics of the interaction between an individual and his or her social, legal and economic environment, to the more static approach focused on material deprivation. Asking whether a person is able to participate equally in mainstream society leads us to the identification of gaps and barriers to participation. These can be *institutional* (discrimination, lack of infrastructure or absence of services or the financial means to acquire them), *cultural* (gender or ethnic stereotypes or the assignment of 'traditional' roles) or in the case of people with disabilities or those without private means of transportation this can also be *physical* (accessibility to buildings and schools), in the *community* (prejudice and marginalisation) or *personal* (lack of education, withdrawal, rejection or fear). Different members of a population can experience different or overlapping vulnerabilities or face different barriers at different points in their lives, which require different strategies and interventions to correct.

Identifying barriers, analysing their origin and addressing them as a matter of policy can raise awareness, draw attention to previously uncontested behaviour and actions, preventing exclusion and promoting mutual respect.

The concept of human development is based on the perspective of the individual, incorporating the language of 'capabilities' in order to assert that each individual by virtue of existence has the moral right to develop his or her inherent capacities (intellectual, physical and social) to the fullest extent possible and to exercise the greatest possible freedom of choice in shaping their own life.¹⁸

The social, economic and political context within which this takes place is assumed, although not explicitly characterised, in relation to the obligations and responsibilities of actors or institutions. Levels of human development are expressed in quantitative terms using the Human Development Index (HDI). The HDI is a composite indicator introduced in 1990 that measures the aggregate levels of country achievement in terms of income, education and health (per capita GDP, life expectancy at birth and the adult literacy rate/gross enrolment rate are often collected at the household level). The original Human Development Index has since expanded to include other dimensions, such as the Inequality-adjusted Human Development Index (IHDI) that was introduced in 2010 and covers life expectancy at birth, mean and expected years of schooling and GNI per capita. The HDI and IHDI indexes are sometimes complemented by the Gender related Development Index (GDI) that was introduced in 1995, the Environmental Sustainability Index (ESI or EPI) and other aspects of development.

The United Nations Common Understanding on a Human Rights-Based Approach to Development Cooperation (HRBA, 2003) proceeds from the individual rights of each human being. These rights are explicitly delineated in the Universal Declaration of Human Rights, which was drafted by the United Nations General Assembly in 1948 and later supplemented by a number of international conventions on the rights of refugees (Refugee Convention, 1951), women (Convention on the Elimina-

¹⁸ Sen, A., 1999.

tion of All Forms of Discrimination Against Women, 1979), children (Convention on the Rights of the Child, 1990), persons with disabilities (Convention on the Rights of Persons with Disabilities, 2006) and other protected categories.

The legally binding obligations assumed by States parties to these conventions and supported by regular obligatory reports on their implementation by the signatories guarantee the realisation of these rights. The Universal Declaration of Human Rights guarantees social and economic as well as civil and political rights. As a revision of earlier practice in the West where more emphasis was placed on the realisation of civil and political rights the subsequently articulated Human Rights Based Approach defines the obligations and responsibilities of both state actors and individual citizens to move beyond legal guarantees **and reporting on the practical application of civil and political rights to improving the social and economic status of individuals and groups that have not received equal treatment or derived equal benefit within their society.**

Measurements applied in a HRBA report include the legislation and the monitoring of the implementation of laws and quantified outcomes such as, for example, the number of women in positions of political power.

The concept of social inclusion, as articulated and applied in the European Union (EU), proceeds from the same moral and philosophical foundation of enlightenment humanism. The development of the EU from an economic and subsequently to a political institution influenced its articulation of individual rights. Reflecting its social, democratic, political and intellectual heritage, the EU linked the concept of social inclusion with poverty and posited its achievement through participation in the labour force as the primary nexus of social integration that also provides access to social insurance.

Initially, the EU understood social exclusion in terms of exclusion from the paid labour force and explicitly assigned an active obligation upon the state and its governance institutions to identify and remove barriers to full participation in paid employment and to regularly report on progress. Based on this understanding, progress toward social inclusion was measured in terms of wages and income, poverty risk, employment, level of education and life expectancy indicators presented in the obligatory periodic National Social Inclusion reports.¹⁹

Over time, as the concept was applied in practice, its focus shifted from exclusion to inclusion and became less narrowly defined by measuring access to healthcare, the quality of housing, social benefits and other markers of inequality in addition to economy and labour force.

The EU now defines full participation and the barriers to participation far more broadly, expanding the responsibilities of the state and its institutions to identify and address social and political barriers well beyond its initial remit.

¹⁹ To monitor national and EU progress toward the four key EU objectives in the area of social inclusion set by the Nice European Council in December 2000. These objectives were 1) facilitating participation in employment and access by all to resources, rights, goods and services, 2) preventing the risk of exclusion, 3) helping the most vulnerable and 4) mobilising all relevant bodies.

Box 2.

Definitions

The study of social exclusion generally focuses on the inequality of opportunity of individuals rather than the inequality of outcomes. Persons who face social exclusion are less likely to be promoted or to get adequate public services in their communities, to deal with their health or educational needs, due to their societal position (OECD, 2017).

One of the better-known social exclusion models is Amartya Sen's capabilities model. In 'Development as Freedom', Sen argues that social exclusion is a social justice issue that should concern everyone and that social exclusion, capabilities deprivation and relative poverty are all synonymous with each other (Sen, 1999).

Social exclusion is discussed generally within the social cohesion and social inclusion framework. Social cohesion and social inclusion are often used as synonyms; however, there are important differences between the two. Both focus on the importance of community but view it in different terms. Social cohesion focuses on the personal feelings and the satisfaction of feeling like a person that belongs as a member of society whereas social inclusion looks at the non-psychological benefits of being a participatory member of society (ECLAC, 2007a).

Social cohesion places an individual in relationship to a community. A definition of social cohesion, proposed after the adoption of the European Pillar of Social Rights (EPSR 2018), reflects these trends. Consolidating the key aspects of the definitions currently applied by the Council of Europe, the Government of Canada and the OECD perceived the importance of **"the ongoing process of developing well-being, sense of belonging, and voluntary social participation of the members of society, while developing communities that tolerate and promote a multiplicity of values and cultures and granting at the same time equal rights and opportunities in society."**¹²⁰

Both Eurostat and Eurofound conduct regular Quality of Life (QoL) surveys for the EU Member States and candidate countries by measuring citizen perceptions across a broad range of social, governance, economic, public service and environmental indicators that serve to measure social cohesion.

With the adoption of the EPSR (2018), the concept of social inclusion now recognises the central importance of the social processes of inclusion or exclusion and the role of informal as well as formal institutions in its reports on progress toward the European 2020 Agenda.

20 Fonseca, X. et al., 2019.

The COVID-19 Pandemic

The COVID-19 pandemic is testing all the countries of the world and at the same time revealing the effectiveness of their policies and institutions in protecting and sustaining their populations. Bosnia and Herzegovina reacted quickly following the identification of its first cases of the virus by closing schools and public spaces in early March 2020.²¹ Shortly thereafter, the initial closures were followed by measures to close the borders to foreigners and instigate health checks and quarantine orders for returning citizens. The Council of Ministers of Bosnia and Herzegovina²² then declared a state of emergency and the ensuing lockdown of non-essential businesses and public shelter-in-place orders and curfews helped to control the spread of the virus and limit the infection and death rates.

These initial mitigation measures, taken with international support, were effective in flattening the curve, but cases of infection began to rise again as the restrictions were relaxed. As in many other countries, the limited testing and contact tracing capacity²³ combined with the limitations of the public administration and the health systems continue to keep the safe reopening of the economy and society under threat.

As noted by the World Bank, "There is limited horizontal coordination, for example, between the Federation of Bosnia and Herzegovina and Republika Srpska entity governments as well as limited vertical coordination between the state level organisations and the entity governments. While the toll the pandemic ultimately takes on the country will not be clear for some time, a strong coordinated institutional response is critical to both containing the spread of COVID-19 and working to limit the social and economic effects."²⁴

While much has been learned about COVID-19, the pathogen itself remains an enigma at this point and therefore very little of its ultimate effect on society can be predicted with any confidence. One thing we have learned is that the price of a narrow and short-sighted conception of 'efficiency' in public expenditure has resulted in the loss of resilience in both the public and private spheres. Years of underfunding social safety nets and continued insecure employment have left vulnerable members of the population with few if any resources to fall back on in an emergency.

Prior to the pandemic, unemployment remained high at 15.7 per cent with high youth unemployment (33.8 per cent)²⁵ and high levels of long-term unemployment. The informal economy was already a major source of concern and this has been exacerbated by the return of young migrants because of the pandemic.²⁶

Austerity policies have reduced the institutional capacity. Professional and technical staff levels have fallen and essential materials and supplies are at levels that are quickly overwhelmed in a crisis that is limited neither by time, like the impact of the financial crisis in 2008/2009, nor by geographical space, like the floods of 2014. Just-in-time deliveries and long supply chains have proven to be extremely fragile in the face of sudden and massive shifts in demand and unpredictable loss of staff and production and transport facilities, while value chains have been broken both upstream (e.g. supply from China) and downstream (e.g. the delivery of textile and leather industry products to Italy.)²⁷

21 10 March in Republika Srpska and 11 March in the Federation of Bosnia and Herzegovina.

22 17 March 2020, Declaration of the Council of Ministers of Bosnia and Herzegovina. Available from www.vijeceministara.gov.ba/saopstenja/sjednice/saopstenja_sa_sjednica/default.aspx?id=32585&langTag=bs-BA.

23 See www.covid-19.ba/ and <https://koronavirusrpskoj.com/>.

24 The World Bank (April 2020).

25 BHAS Labour Force Survey 2019, Thematic Bulletin 10.

26 See, for example <http://journal.efsa.unsa.ba/index.php/see/article/view/1301>.

27 See OECD (4 May 2020) <https://www.oecd.org/south-east-europe/COVID-19-Crisis-in-Bosnia-and-Herzegovina-archive.pdf>.

The gaps and lack of coordination among social sector institutions and in policies in Bosnia and Herzegovina described in this report were well known to practitioners and researchers long before the pandemic appeared and they continue to hamper the country's efforts to move beyond emergency measures.

The price of resilience is investment in robust social safety nets and public service providers. What may appear 'inefficient' in normal times in the form of unoccupied hospital beds, stockpiled supplies, sufficient staff to ensure 'surge capacity' and a guaranteed basic social floor to support domestic demand represent the cost of being prepared to face a sudden crisis. Resilience is reflected in families through their having enough income beyond their minimum consumption needs to accumulate savings to tap into in an emergency. Institutions demonstrate this by having sufficient administrative capacity to manage in the face of rapidly changing conditions and future uncertainty, sufficient essential supplies to keep functioning through an unexpected shock and enough professional and technical staff to fill the ranks in the face of losses.

Box 3.

COVID-19 Initial Response Plan in response to the COVID-19 pandemic²⁸

Support to workers and the provision of social assistance: The Federation of Bosnia and Herzegovina covered minimal salary contributions to all employees in the real sector (from March up until one month after the end of the state of emergency), while in the Republika Srpska, in addition to the full salary contributions (March) and minimal minimum salary contributions (April), the taxes were also covered by the government for those subjects most affected by the crisis (merchants, caterers and small scale entrepreneurs).

Support to the economy: The Federation of Bosnia and Herzegovina Development Bank announced the establishment of a Guarantee Fund with initial reserves of up to BAM 80 million (~EUR 40 million). On 7 April, the Federation of Bosnia and Herzegovina also announced the allocation for a total of BAM 7 million (~EUR 3.5 million) to the Federal Civil Protection Administration and the Federal Civil Protection Headquarters. The Republika Srpska reserved funds from its Solidarity Fund to support employees directly affected by COVID-19 (BAM 55 million or around EUR 27.5 million was dedicated to cover the minimum salary, contributions and taxes for around 70, 000 employees in April and possibly in May).

Support to private sector activity and employment: Businesses in the Federation of Bosnia and Herzegovina were entitled to subsidies (i.e. minimal minimum salary contributions covered by the government) to the amount of BAM 245 (~EUR 120) per month per employee. The obligation to make advance payments on corporate income tax for businesses and the self-employed was abolished. Lease amounts were decreased by 50 per cent for business premises managed by the Federation of Bosnia and Herzegovina Office of Joint Affairs. Corporate income tax liabilities in Republika Srpska were postponed until 30 June.

²⁸ Updates on the current situation can be accessed from www.oecd.org > south-east-europe > COVID-19-Crisis-in-Bosnia-and-Herzegovina.

All borrowers from the Investment and Development Bank of Republika Srpska were granted a three-month repayment moratorium. The Investment and Development Bank of Republika Srpska also dedicated a credit line to local businesses (craftsmen, entrepreneurs and SMEs). Namely, together with the European Bank for Reconstruction and Development and the Guarantee Fund of Republika Srpska, BAM 50 million (~EUR 25 million) would be provided as a guarantee for loans (ranging from BAM 5,000 to around EUR 2,500 up to BAM 500,000 or around EUR 250,000), which business entities could obtain through commercial banks.

OECD (May 4, 2020), The COVID-19 Crisis in Bosnia and Herzegovina.

[www.oecd.org › south-east-europe › COVID-19-Crisis-in-Bosnia-and-Herzegovina](http://www.oecd.org/south-east-europe/COVID-19-Crisis-in-Bosnia-and-Herzegovina)

Chapter 1

INTERNATIONAL COMPARISON OF SOCIAL INCLUSION IN BOSNIA AND HERZEGOVINA

The Human Development Index

Human development provides a stronger focus on what needs to be achieved whereas social inclusion focuses on how it can be achieved. Given this conceptual linkage, what can the Human Development Index (HDI), the Inequality-adjusted Human Development Index (IHDI) and the Gender Development Index (GDI) tell us about what has been achieved in Bosnia and Herzegovina and in the region?

The human development approach focuses on improving the lives people lead. Economic growth is an important means for development but it cannot be assumed that it will automatically lead to greater opportunities for all. While growth of income contributes to the foundation for human development, namely to live a healthy and creative life, to be knowledgeable and to have access to the resources needed for a decent standard of living, other important aspects such as environmental sustainability, human rights, security and equality between men and women are not so easily quantified.

One of the more important achievements of the human development approach, as embodied in successive human development reports, has been to ensure growing acceptance of the fact that monetary measures such as GDP per capita are insufficient proxies for development. The first Human Development Report introduced the Human Development Index (HDI) as a means to measure achievement in the basic dimensions of human development across countries. The HDI continued to use GDP per capita as an indicator of the national level of economic development but added life expectancy at birth as a proxy indicator for access to quality healthcare and mean years of schooling/ expected years of schooling as an indicator of access to knowledge.

This simple unweighted average of a nation's income, longevity and education has been widely accepted in development discourse. Yet HDI has undergone several modifications and refinements over the years, such as replacing GDP with Gross National Income (GNI), calculating the effects of inequality or gender difference on HDI values and shifting the balance away from simple averages toward the inclusiveness of distribution.

Box 4.

Measuring Human Development

The Human Development Index (HDI) is a composite index focused on three basic dimensions of human development: the ability to lead a long and healthy life, measured by life expectancy at birth, the ability to acquire knowledge, measured by mean years of schooling and expected years of schooling, and the ability to achieve a decent standard of living, measured by gross national income per capita.

To measure human development more comprehensively, the Human Development Report presents four other composite indices. The inequality adjusted HDI discounts the HDI according to the extent of inequality. The Gender Development Index compares female and male HDI values. The Gender Inequality Index highlights women's empowerment. The Multidimensional Poverty Index measures the non-income dimensions of poverty.

Human Development Report Office

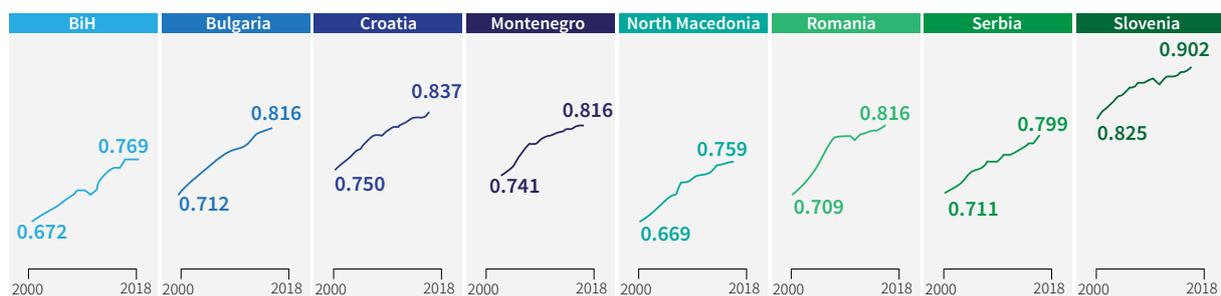
On the eve of the 21st century, after inter-agency discussions and public consultations it was agreed that the beginning of the new century was an opportunity to reinvigorate the international commitment to development supported by specific and time-bound targets for achievement. In September 2000, world leaders met in New York to shape the role of the United Nations and 189 Member States ratified the United Nations Millennium Declaration and pledged to aid the citizens of the world's poorest countries to achieve a better life by 2015.

A technical working group was appointed to formulate a set of specific concrete and measurable indicators to monitor and report at five-year intervals on progress toward the eight Millennium Development Goals (MDGs) drawn from the Declaration.²⁹ After reviewing the successes and limitations of the MDG initiative at the September 2015 United Nations General Assembly meeting the Member States passed Resolution 70/1 ratifying the 2030 Agenda and the 17 Sustainable Development Goals (SDGs) in order to focus resources and monitor progress toward their achievement.

Over the same period, as noted above, the definitions and coverage as well as reporting on the EU social inclusion indicators were expanded in order to better reflect a more complex understanding of social well-being. The SDGs and EU social inclusion indicators can be found in Annex 2, while the relevant goals and the indicators are noted in the charts and tables in the chapters to follow.

Figure 1 below shows the HDI values for Bosnia and Herzegovina and its wider neighbourhood.

Figure 1. Regional trends in human development 2000–2019



Source: UNDP, www.hdr.undp.org/en/data.

* Data for Montenegro available from 2003.

Aside from the effects of the global economic crisis of 2007–2009 from which Bosnia and Herzegovina recovered more slowly³⁰ and suffered more deeply than its neighbours, each of these countries showed gradual improvement over the period from 2000 to 2018. The two wealthiest republics prior to the break-up of former Yugoslavia, Croatia and Slovenia, recovered from the

²⁹ www.undp.org/content/undp/en/home/sdgoverview/mdg_goals.html.

³⁰ The deeper decline and slower recovery in Bosnia and Herzegovina could be attributed to its lack of fiscal expansionary flexibility because of the Currency Board regime that ties its currency (BAM) to the Euro.

effects of crisis relatively quickly and have managed to maintain their initial economic advantage. Bosnia and Herzegovina, on the other hand, has struggled in the aftermath of the conflict of the 1990s not only from the large-scale loss of human life and damage to the infrastructure during the conflict but also from the fraying of the social fabric during the frozen conflict that followed and has therefore recovered more slowly.

HDI measures the average levels of income, health and education for the entire population. Although it reflects the aggregate effects of access to income, education and health in Bosnia and Herzegovina compared to other countries in the region it does not offer any insight into the distribution across the population. The latter is central to measuring social inclusion.

The Inequality-adjusted Human Development Index

The Inequality-adjusted Human Development Index (IHDI) is an extension of the HDI introduced in 2010 that considers the distribution of wealth, health and education as well as their overall levels. It does this by calculating the inequality factor for each of the three dimensions and then multiplying each dimension's original HDI value by one minus the inequality factor.

Box 5.

Inequality-adjusted Human Development Index (IHDI)

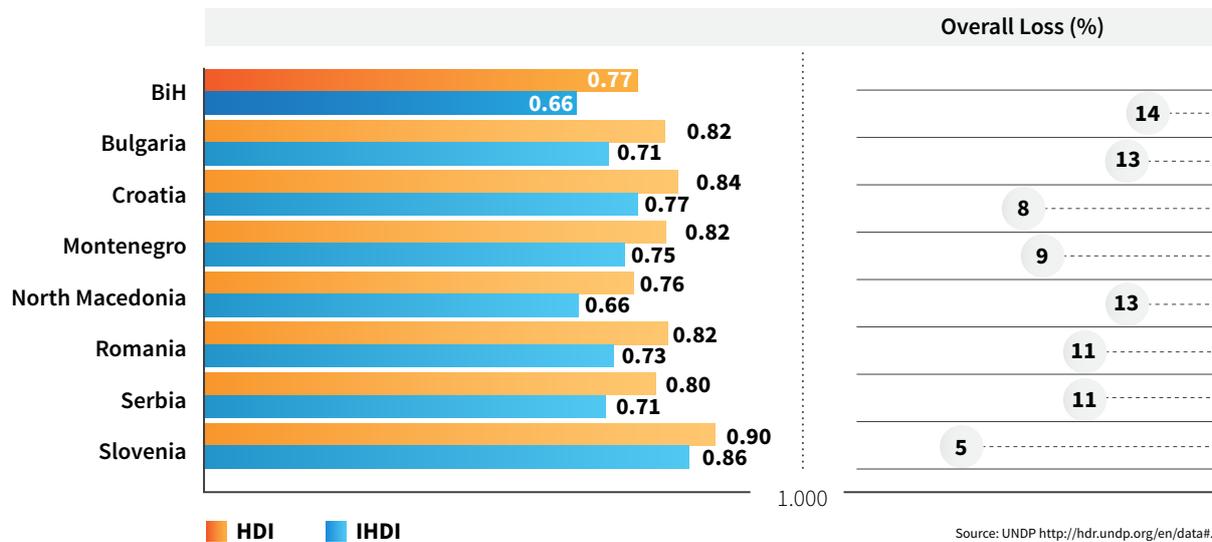
Deep imbalances in people's opportunities and choices stem from inequalities in income but also in education, health, voice, access to technology and exposure to shocks. Human development gaps reflect unequal opportunity in access to education, health, employment, credit and natural resources due to gender, group identity, income disparities and location. Inequality is not only normatively wrong but also dangerous. It can fuel extremism and undermine support for inclusive and sustainable development. High inequality can lead to adverse consequences for social cohesion and the quality of institutions and policies, which in turn can slow human development progress.

the IHDI has been published since 2010 in an effort to capture the distribution of human development within countries. When there is perfect equality the HDI and the IHDI are equal. When there is inequality in the distribution of health, education and income the HDI in a society is less than the aggregate HDI. The higher the level of inequality the lower the IHDI (and the greater the difference between it and the HDI).

UNDP Human Development Indices and Indicators, 2018 Statistical Update.

The following figure shows the IHDI for the same group of countries. While the average loss in terms of the global HDI value resulting from inequality is roughly 20 per cent, the loss in the countries of the Western Balkans, including Bosnia and Herzegovina with the highest loss in the region, falls below the global average.

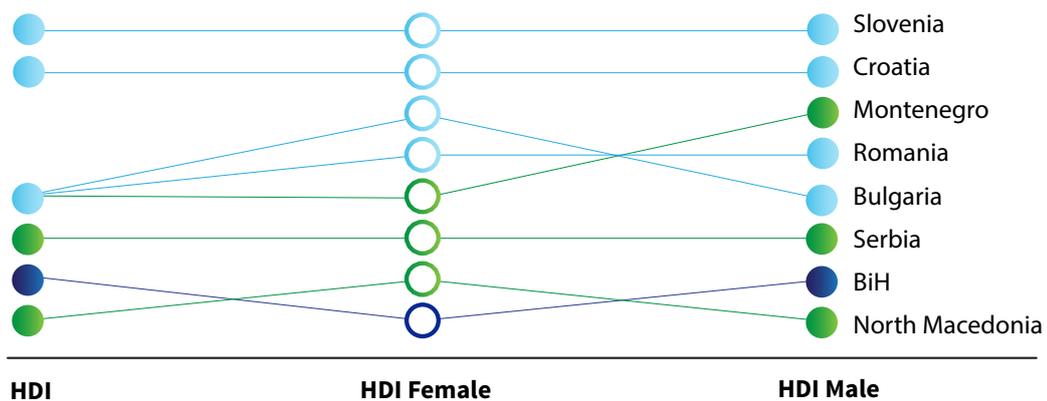
Figure 2. The Inequality-adjusted Human Development Index (IHDI) and the Human Development Index (HDI) 2019

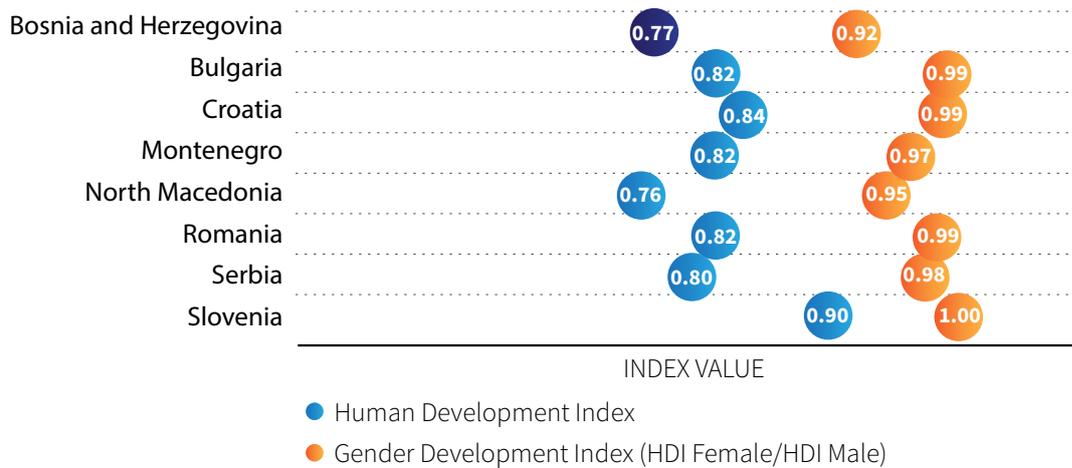


The Gender Development Index

The Gender Development Index (GDI) uses the same component indicators as the HDI to measure gender gaps in terms of human development achievements by accounting for disparities between women and men in three basic dimensions of human development: health, knowledge and living standards. The GDI is the ratio of the HDI indicators calculated separately for females and males using the same methodology as in the HDI. It is a direct measure of the gender gap that shows the female HDI as a percentage of the male HDI.

Figure 3. The Human Development Index (HDI) and the Gender Development Index (GDI) 2019



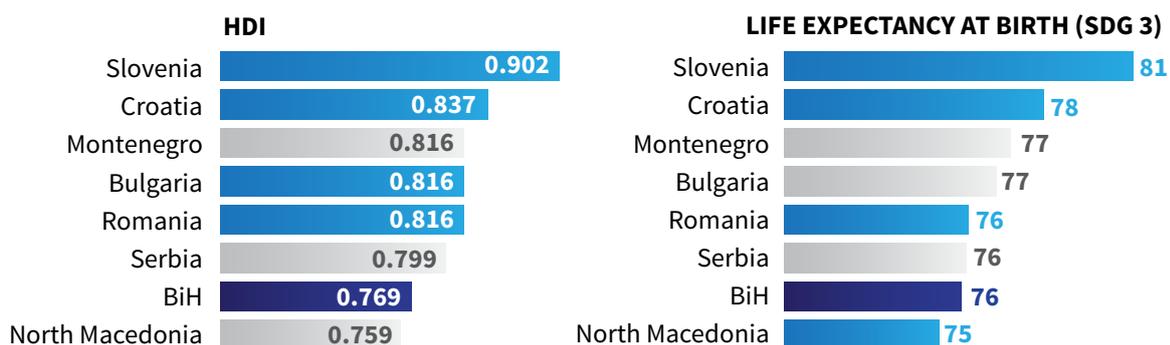


Source: UNDP <http://hdr.undp.org/en/data#>.

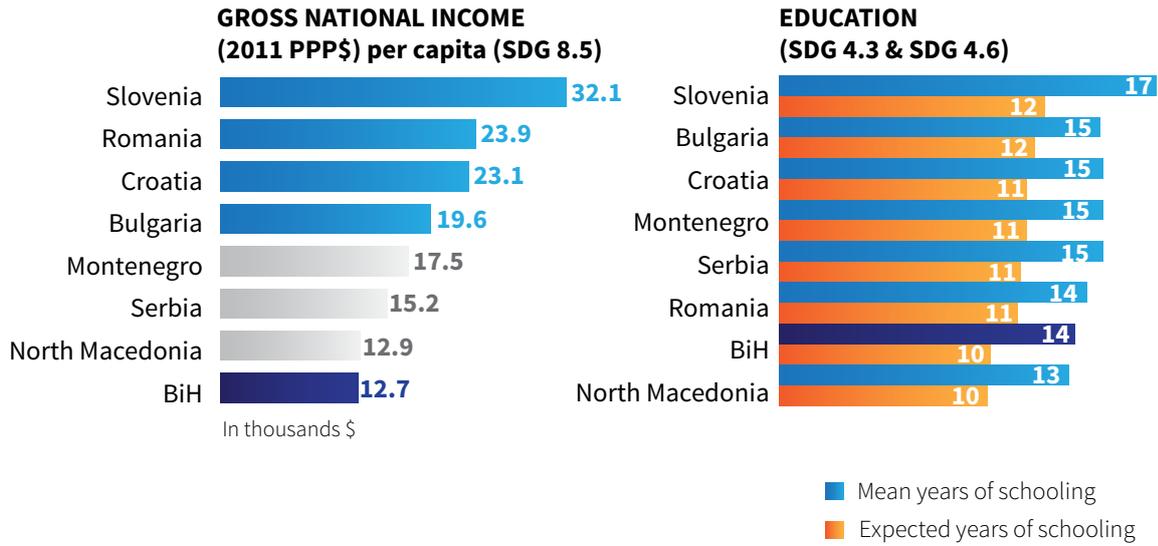
Figure 3 above shows a relatively consistent gap throughout the region. There was more disparity in favour of men in Montenegro and Bosnia and Herzegovina and more in favour of women in Bulgaria and North Macedonia, while there was no measurable disparity in Slovenia and Croatia.³¹

Yet as shown in Figure 4 below, looking at the separate components of the HDI presents a more varied picture. The gender gap in HDI shown in Figure 5 is almost entirely the result of the difference between male and female income, which despite its variance among the countries remains significant in all of them. Life expectancy among women was higher in all of the countries of the region and slightly higher for expected years of schooling whereas women's mean years of schooling lagged behind that of men by a small margin in all of the countries.

Figure 4. The regional Gender Development Index and Human Development Index by components 2019

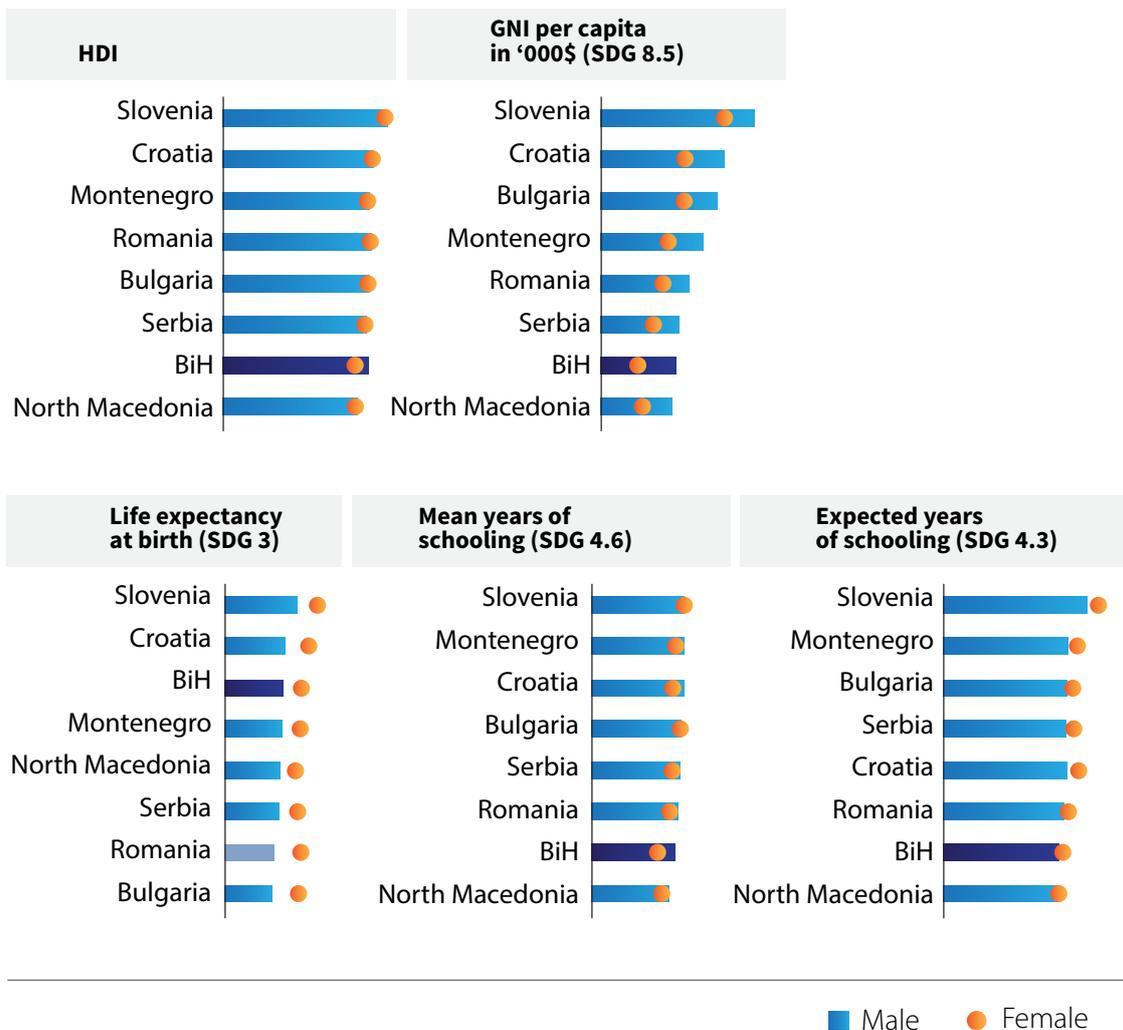


³¹ When calculating inequality between the two values the value of index value 1 represents ultimate equality and this is why North Macedonia and Bulgaria, who have more disparity in favour of women, are at 0.95 and 0.99 respectively. Only Slovenia reached fully fledged equality (at index value 1).



Source: UNDP, <http://hdr.undp.org/en/data#>.

Figure 5. Regional Human Development Index by components and by sex 2019



Source: UNDP, <http://hdr.undp.org/en/data>.

Chapter 2

SOCIAL INCLUSION ACROSS INSTITUTIONAL STRUCTURES IN BOSNIA AND HERZEGOVINA: THE VIEW FROM THE CENTRE

In this chapter we look at the social sector systems in Bosnia and Herzegovina that produced the composite results in the previous chapter. We first show the internationally comparable outcomes in each sector followed by a brief description of their formal structure. We then discuss the delivery and quality of services in each sector and identify the obvious gaps in provision and barriers to access. The last chapter of the report presents the conclusions and recommendations for addressing such barriers and gaps.

Bosnia and Herzegovina is classified as an 'upper middle-income country'. As a former republic of the Socialist Federal Republic of Yugoslavia, Bosnia and Herzegovina inherited a fully articulated modern system of education, healthcare, social insurance and social assistance. Yet although the basic structures of this system remain in place today the consecutive impact of the conflict of the 1990s, the economic transition and external economic shocks, austerity policies, low growth and rising inequality have left many parts of the system unable to provide the quality of care and equality of access required by citizens.

2.1 Population: Distribution, diversity and dynamics

A brief note on statistics

The first post-conflict census, conducted in 2013, remains the most recent authoritative source of information on the size, gender, age, location and other characteristics of the population of Bosnia and Herzegovina.³² The Agency for Statistics of Bosnia and Herzegovina (BHAS) regularly publishes reports based on headcounts and social, economic and other information provided to it by the entity institutes for statistics. BHAS also receives information through representative sample surveys such as the Household Budget Survey, the Labour Force Survey, the Multiple Indicator Cluster Survey and others surveys that BHAS conducts in collaboration with the entity institutes for statistics and bilateral and international agencies, which are also regarded as authoritative and produced in conformity with international definitions and standards.

In this report, we relied on nationally generated statistics wherever possible. We also cite statistics produced by international organisations for the purpose of comparison with the neighbouring countries. The websites noted in footnote, the reference annex and the appendices list the sources of all the statistics used in this report and the methodology of their production.

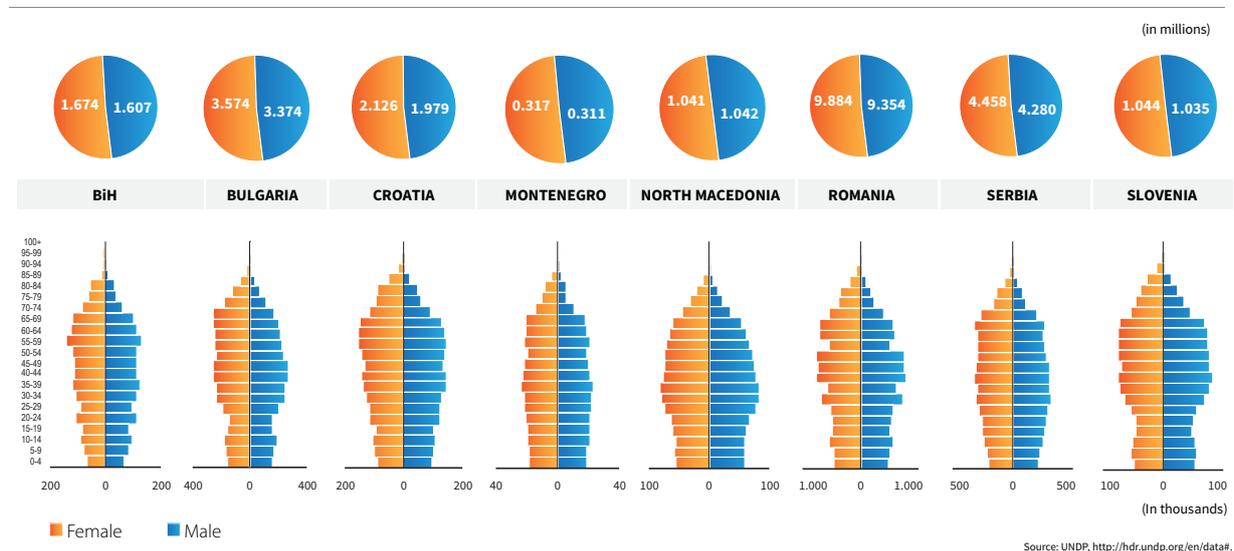
³² Republika Srpska registered an objection to the methodology used in the 2013 census and the entity disputes the results of the census. Included among the measures set out in the key short-term priorities for the Council of Ministers of Bosnia and Herzegovina, the entities and the EU is the adoption of a road map for the preparation of the next population census in 2020/2021. Annex to the Retreat Conclusions of the High Level Retreat on Medium Term Socio Economic Reforms held in Bijeljina on 13 February 2020.

The final results of the 2013 census found a total population of 3.53 million. As described in this section and elsewhere in the report, Bosnia and Herzegovina has experienced a significant level of emigration since the census of 2013. It should be noted that migration is the most difficult component of demography to measure accurately and as the 2013 census is the only comprehensive post-conflict count of the population this becomes even more difficult in the case of Bosnia and Herzegovina. It is important to note that all population statistics not drawn from the 2013 census, such as birth rates or labour force participation rates, are estimates based on projections or subsequent representative sample surveys.

2.1.1 Demographic outlook

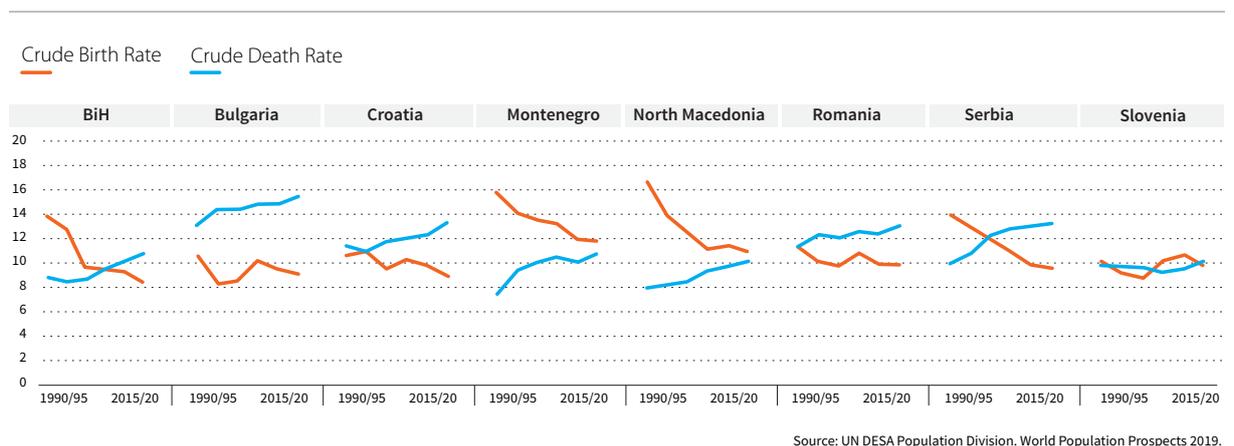
The figure below shows the projected size and age structure of the population of Bosnia and Herzegovina in 2020 in comparison with the neighbouring countries, which have varying but similar age structures.

Figure 6. Projected population and age structure in 2020



As shown in the next figure, the majority of the countries in the region, including Bosnia and Herzegovina, are experiencing negative natural increase rates. The only countries where the annual number of births still outnumbers the annual number of deaths are Montenegro and North Macedonia. Yet the trend in both countries appears to be moving in the direction of negative population growth, while Slovenia's birth and death rates have fluctuated around a balance of zero.

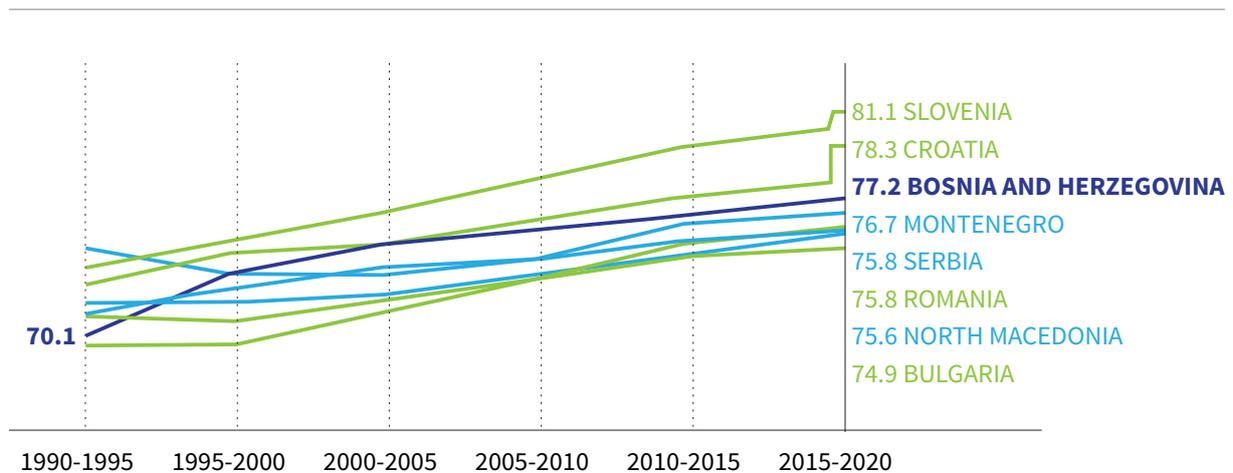
Figure 7. Trend in Crude Birth and Crude Death Rates 2019



Source: UN DESA Population Division, World Population Prospects 2019.

With a life expectancy at birth of 77.2, Bosnia and Herzegovina compares well with its neighbours and the more developed Western European countries. Taken together with the above-mentioned population, birth and death rates and the healthy life expectancy rates in the section on health outlined below, it can be expected that the current dynamic will gradually result in a population both smaller and older over the coming years. However, it is noteworthy that medium and long-term population projections are notoriously subject to major revision under the influence of both internal and external factors. These projections are based on past trends that might not continue as well as on assumptions about the future development of the main components of births, deaths and migration. The emergence of the COVID-19 virus has added yet another uncertainty factor to demographic projections.

Figure 8. Life expectancy at birth 1990–2020



Source: UN DESA, World Population Prospects 2019.

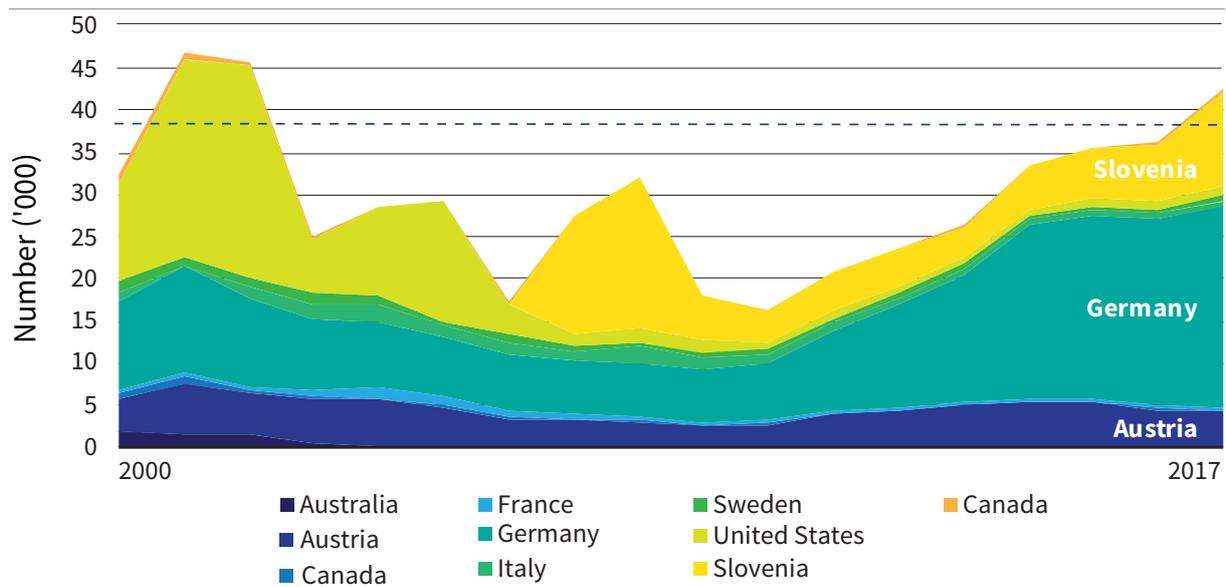
2.1.2 Internal migration and emigration

Migration also plays a significant role in shaping the future size and age structure of the population of Bosnia and Herzegovina. Population structure is shaped by fluctuations in the distribution of people within a country, while the movement of people beyond its borders affects national birth and death rates as well as population size. Bosnia and Herzegovina experienced significant population loss and displacement during the war, both internally and externally, while ethno-political factors have influenced the post-war relocation of both internally displaced persons (IDPs) and returnees.

In the twenty-five years since the end of the conflict, Bosnia and Herzegovina has undergone several further shifts in the pattern of population movement. The figure below shows the emigration trends for the period 2000–2017 using data from the Organisation for Economic Cooperation and Development (OECD), which counts all persons who for any reason (education, work, family unification or other) receive a residence visa.

While the United States of America (US) continued to be the predominant destination for emigrants from Bosnia and Herzegovina into the early 2000s the rate of flow to the US declined sharply before rallying briefly, but with the onset of the global financial crisis it fell dramatically and has remained so up to the present. As emigration to the US declined, migration from Bosnia and Herzegovina to Slovenia increased rapidly then peaked before declining. Germany then became the main centre for migration followed by Slovenia and Austria.

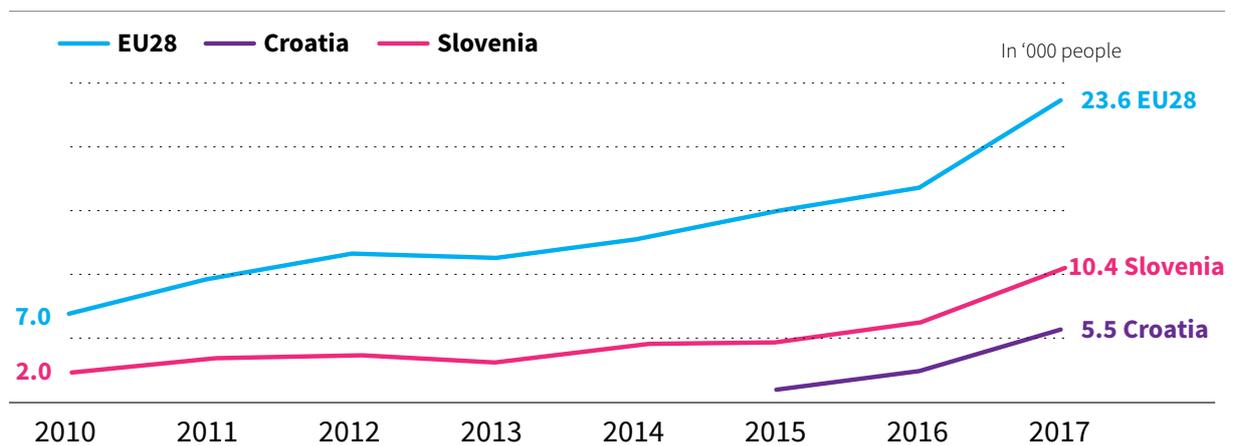
Figure 9. Trends in migration among nationals of Bosnia and Herzegovina of all ages to the OECD countries



Source: OECD International Migration Database.

A more detailed picture of shifting migration trends in Bosnia and Herzegovina was drawn from the data collected by the EU, which includes the age and the type of visa issued as well as the countries of origin and destination of migrants. The figures below, beginning in 2010, show a similar pattern of steadily rising migration to the countries of the EU followed by a more gradual increase in the rate of migration to Slovenia and after 2015 increasing migration to Croatia.³³

Figure 10. First residence permits issued in the EU to nationals of Bosnia and Herzegovina for all reasons

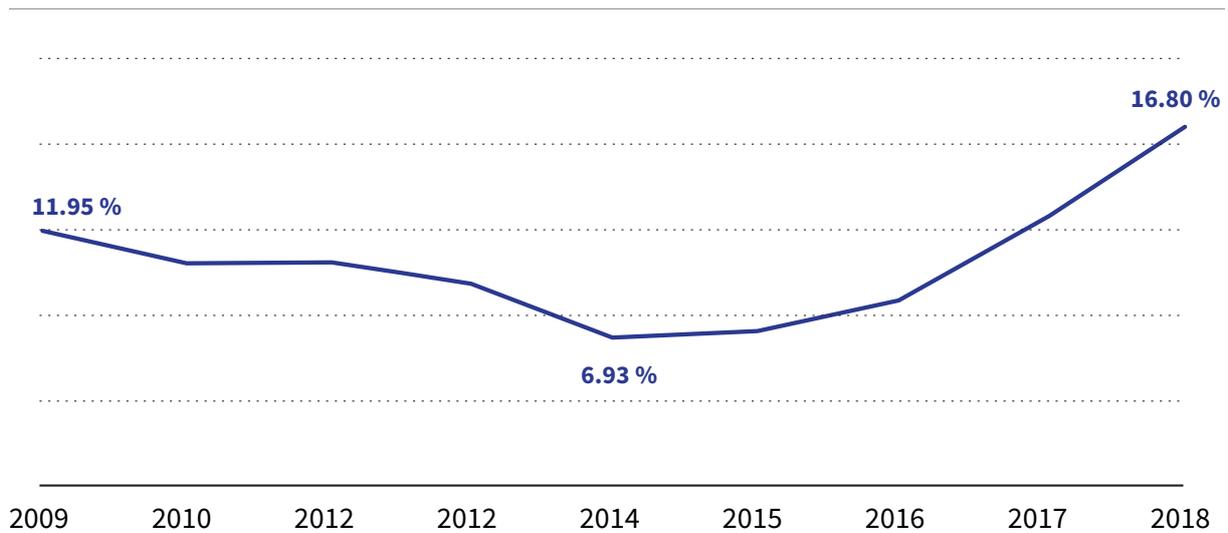


Source: Eurostat online code: migr_resfas.

Filtering out residence visas issued for the purposes of education, to join family members already living in the EU or other purposes, Figure 11 shows the trend in visas issued to nationals of Bosnia and Herzegovina to take up employment in EU member countries.

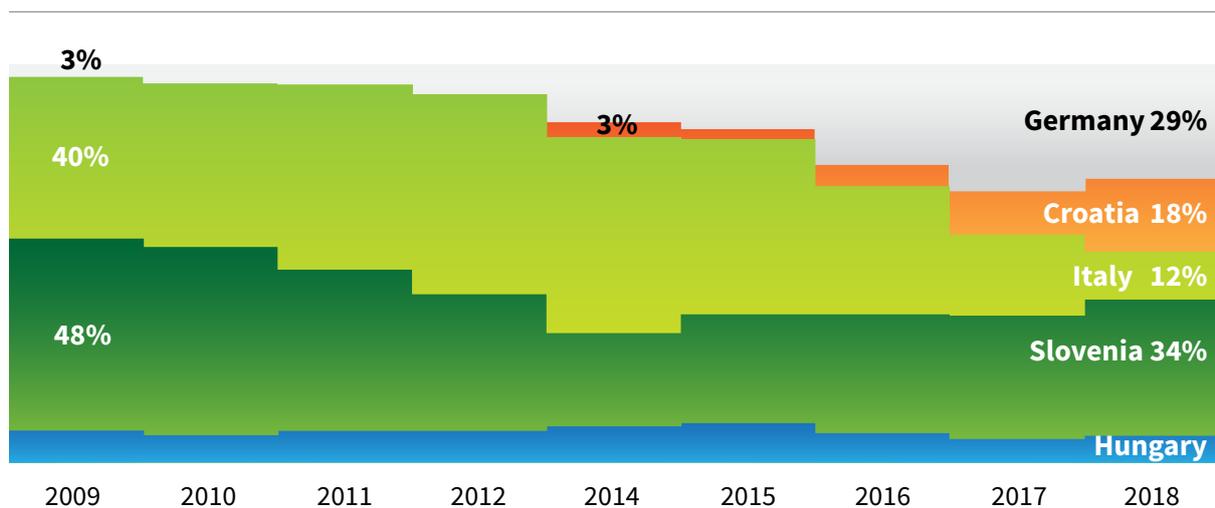
33 Croatia was not included in the OECD or Eurostat data sets until after it joined the EU in 2013.

Figure 11. Nationals of Bosnia and Herzegovina migrating to the EU for remunerated activities (all ages)



Source: Eurostat online code: migr_resvalid.

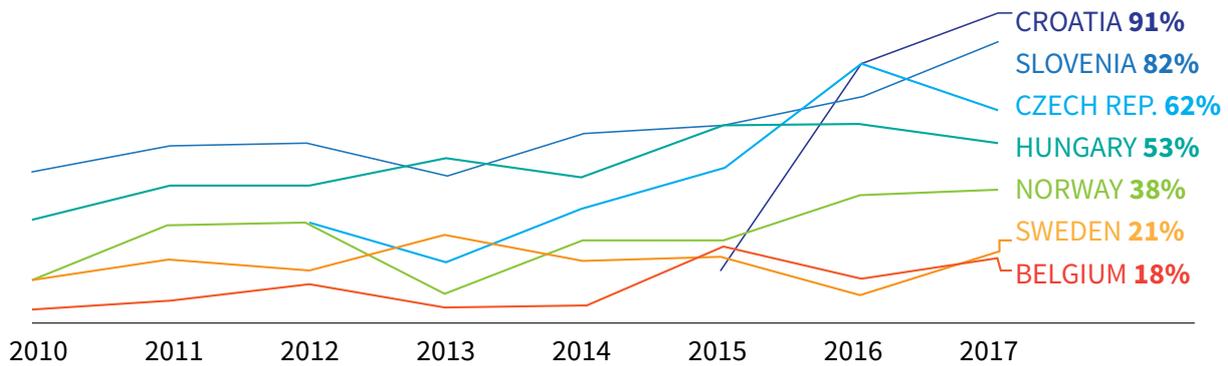
Figure 12. Distribution of nationals of Bosnia and Herzegovina migrating for remunerated activities within the EU (all ages)



Source: Eurostat online code: migr_resvalid.

When disaggregated according to age, the trend in migration for the purpose of employment showed a sharp rise in migration to Croatia followed by Slovenia, the Czech Republic and Hungary by nationals of Bosnia and Herzegovina aged 20-24 who cited work as their reason to receive their first permit to reside in the EU. While some labour migrants and students returned to Bosnia and Herzegovina soon after the outbreak of the pandemic others whose ties to their new country of residence were more permanent remained in place. Currently, it is too early to tell how much of an impact and how long lasting the impact of the COVID-19 pandemic will be on the economies of the Western Balkans or to estimate the effect it will have on population and migration patterns.

Figure 13. Proportion of work visas and visa types issued to nationals of Bosnia and Herzegovina aged 20-24 by EU member countries

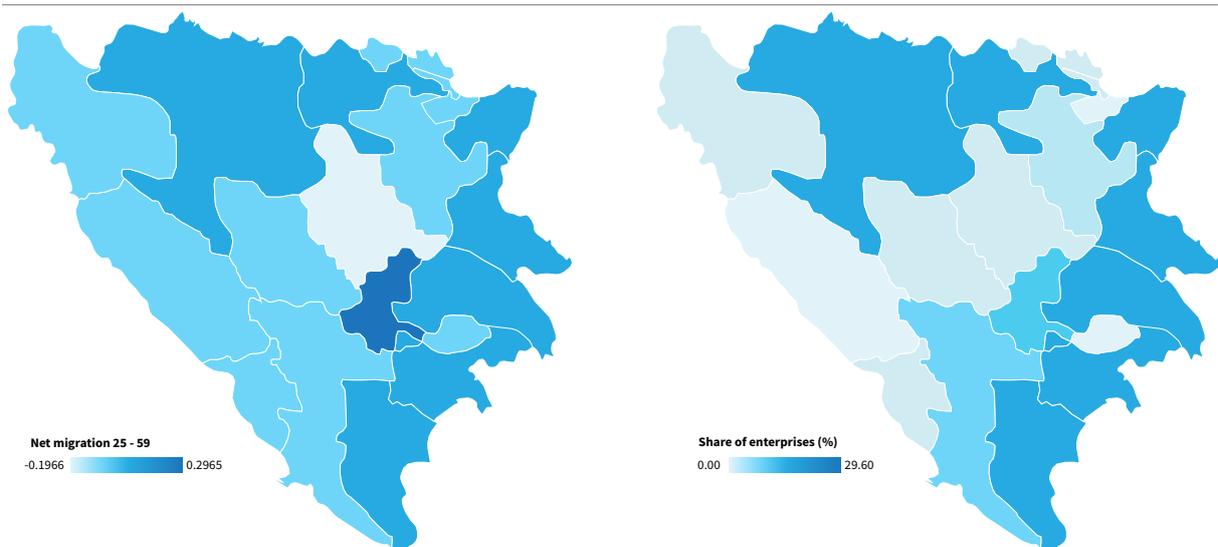


Source: Eurostat online code: mig_resfas.

Similar patterns of labour migration throughout the Western Balkans present a demographic challenge that has become a major issue of concern. It is clear that the emigration of persons of prime working and childbearing age from Bosnia and Herzegovina to take up employment in other countries will affect its population structure, birth rate, labour force, the economy and society as a whole and have significant implications for the future of the country.

Although less frequently discussed than the emigration of citizens of working and childbearing age, the internal movement of the population is equally important. Just as some countries have become the destinations for international migration, certain regions have been steadily losing residents to internal migration. In the figure below, the map on the left shows the regions losing and gaining population whereas the map on the right shows the distribution of enterprises. Together, the maps illustrate a clear pattern of migration from poorer and less developed areas to those where the possibility of finding work is greater and where there is better infrastructure, services and standard of living.

Figure 14. Net internal migration ages 25-59 (2012–2018) compared to the distribution of enterprises in Bosnia and Herzegovina in 2017



Source: Federal Office of Statistics for the Federation of Bosnia Herzegovina, 'Net Migration'. The migration data for Republika Srpska is aggregated. Share of Enterprises: Table 14.6 in Chapter 14 'Bosnia and Herzegovina: Small Business Act Profile' SME Policy Index: Western Balkans and Turkey 2019 OECD.

2.2 The education system in Bosnia and Herzegovina

In this section we take a detailed look at education and illustrate how the unequal distribution of resources affect the availability of services and creates barriers. This affects in particular access for members of lower income, vulnerable and minority groups, which is a pattern that repeats itself throughout the systems reviewed in this report.

The budget and responsibility for education in Bosnia and Herzegovina is devolved to the entities and within the Federation of Bosnia and Herzegovina to the cantons and subsequently to the municipalities. There are 14 different ministries or departments responsible for education in Bosnia and Herzegovina, including the Ministry of Civil Affairs at the state level, one ministry of education in each of the entities³⁴ and a department in Brčko District and one in each of the ten cantons of the Federation of Bosnia and Herzegovina. While these administrative units have similar responsibilities, the territorial division has resulted in somewhat different policies. Additional variations exist in the implementation of state, entity and cantonal policies in the municipalities, which are responsible for managing the local school systems.

There are also several state level institutions. The Agency for Pre-primary, Primary and Secondary Education (referred to by its local language acronym APOSO) was established at the state level in 2007.³⁵ APOSO is responsible for developing the common core curricula, establishing learning standards, monitoring and evaluating learning achievements, developing adult education and participating in the development of the National Qualifications Framework.³⁶ The Agency for Development of Higher Education and Quality Assurance, established in 2008, is responsible for overseeing domestic and external expert quality assurance and providing assessment, quality review and recommendations on the accreditation of institutions of higher education.³⁷

2.2.1 Education funding

Bosnia and Herzegovina spent 4.3 per cent of GDP on public education in 2016.³⁸ Indirect taxation revenue (VAT, customs, tariffs, etc.), which constitute the largest source of state income, are distributed according to a formula set by law that determines the shares assigned to the state administration, the two entities and Brčko District.³⁹ Republika Srpska distributes its share in accordance with its laws to the general funds of its municipalities and cities. The Federation of Bosnia and Herzegovina follows its own legal formula when allocating its share to the general funds of the cantons and then to the municipalities, which are responsible for the management of institutions of education. In addition, the cantons collect business and personal income taxes and the municipalities retain a share of the payroll tax collected within their territories and property taxes.

It should be noted that neither the entity nor cantonal governments receive any allocations earmarked for education. The Government of the Federation of Bosnia and Herzegovina allocates both mainstream funds and earmarks transfers for institutions of education. Republika Srpska and the

34 In addition to the Ministry of Education and Culture, the Republika Srpska established the Ministry of Scientific-Technological Development, Higher Education and Information Society in 2019.

35 The Law on the Agency for Preschool, Primary and Secondary Education, ('Official Gazette of Bosnia and Herzegovina'), No. 88/07.

36 <https://aposo.gov.ba/en/o-agenciji/>.

37 The Framework Law on Higher Education in Bosnia and Herzegovina ('Official Gazette of Bosnia and Herzegovina') No. 59/07. Available from www.heg.gov.ba/o-nama/OsnovniPodaci.aspx.

38 Agency for Statistics of Bosnia and Herzegovina, Gross Domestic Product by Production, Income and Expenditure Approach 2016, Sarajevo, 2018. Total public and private expenditure and foreign funds for educational institutions in 2016 amounted to 4.7 per cent of gross domestic product. Of this, 89.0 per cent was public expenditure, 10.8 per cent private and 0.2 per cent foreign funds. Data for other years was only available through GDP accounts: BHAS, 2016, Financial statistics of education survey. Available from http://bhas.gov.ba/data/Publikacije/Bilteni/2019/NAC_00_2017_Y1_0_BS.pdf.

39 See section 2.6.3 below for the discussion on the tax distribution formula.

cantons of the Federation of Bosnia and Herzegovina decide how much to give to individual schools. The decision criteria are determined by the ministries of education in each entity/canton taking into account their financial capacities and policy priorities.

The municipalities also provide co-financing. The municipal councils normally determine the wider needs and interests of the school within their jurisdiction and fund them accordingly. Finance is allocated largely on the basis of standards and norms that define the minimum, optimal and maximum class sizes, the number of teaching hours, number of non-teaching staff and other recurring expenditure. This means that school budgets are defined largely on the basis of norms and standards that tend to be based on the number of classes rather than the number of pupils.⁴⁰

Box 6.

Inequality within education

Per pupil spending on primary education varies considerably within the country, suggesting high inequity in the distribution of resources. Per pupil spending is around 24 per cent higher in the Federation of Bosnia and Herzegovina than in Republika Srpska at 2,750 BAM and 2,213 BAM respectively.⁴¹ This likely reflects the structural complexity of managing education in the Federation of Bosnia and Herzegovina as well as the existence of a range of salary laws that regulate the salaries of education professionals. There are also notable variations across the cantons with per pupil spending ranging from 2,000 BAM in Tuzla to over 4,300 BAM in West Herzegovina.⁴² To some extent, this reflects differences in the cost of service delivery in rural versus densely populated cantons. However, significant variations are likely to result in uneven educational quality and inequitable access for children across the cantons.

Per pupil spending in secondary education is also inconsistent in both entities. As in primary education, the Federation of Bosnia and Herzegovina spends around 23 per cent more than Republika Srpska on secondary education on a per-pupil basis at 2,608 BAM and 2,122 BAM respectively. Within the Federation of Bosnia and Herzegovina, Sarajevo Canton and Bosnian Podrinje Canton per pupil expenditure of 3,568.32 and 3,177.10 BAM respectively is significantly higher per pupil, while per pupil spending levels in the Central Bosnia Canton and West Herzegovina Canton of 2,143.06 and 2,177.90 respectively are notably below the average in the Federation of Bosnia and Herzegovina.⁴³

2.2.2 Nursery, kindergartens and pre-primary schools

Preschool education and care is intended for children from 6 months up until they begin their primary education. It comprises of three levels: nursery (for children from 6 months to 3 years), kindergarten (for children from 3 years to 6 years) and a pre-primary school preparatory programme in the year prior to starting school for children aged between 5½ and 6½ years.

The UNICEF 2011–2012 MICS survey found that overall 13.1 per cent of children in Bosnia and Herzegovina had attended early childhood education (ages 0-5).⁴⁴ Municipal or city councils

40 World Bank, 2019.

41 Ibid.

42 Ibid.

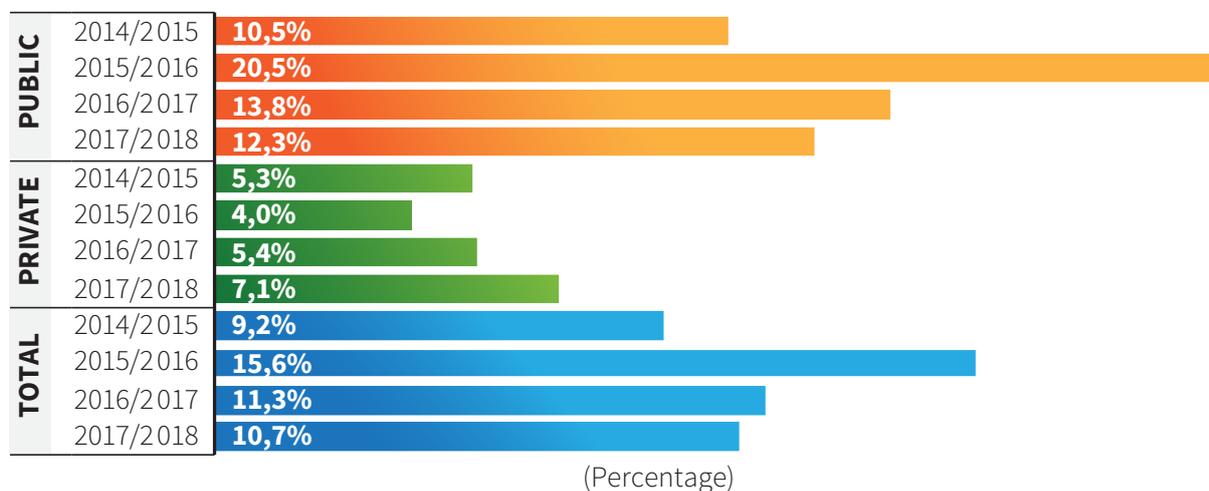
43 Ibid.

44 UNICEF Multiple Indicator Cluster Survey 2011–2012.

operate public kindergartens and give priority to working parents. While public kindergartens are subsidised, parents are required to pay a portion of the cost. In addition, they are not available in all municipalities⁴⁵ and the subsidy levels and fees vary across cantons and in Republika Srpska and the available spaces are inadequate to meet the demand. Private nursery schools and kindergartens, which charge fees, limit access to those families with the means to pay for them.⁴⁶

In the 2019/2020 school year, Bosnia and Herzegovina had a total of 326 preschool institutions of which 157 were public and 169 were private with a total 30,587 children (aged 0–6).⁴⁷ The low numbers of children attending nurseries and kindergartens could be attributable to the lack of sufficient space in public nurseries and kindergartens, especially in rural areas. It could also be linked to household income because of the high cost of both public and private facilities.⁴⁸ The statistics highlight the insufficient capacity in the existing preschool institutions.

Figure 15. Proportion of children not enrolled in early childhood education because of a lack of capacity (SDG 4.2)



Source: Education Statistics Bulletins, years 2016, 2017 2018 and 2019.
Table 1 Preschool institutions in the school year. BHAS.

A one-year pre-primary preparatory programme is mandatory in eight of the ten cantons of the Federation of Bosnia and Herzegovina and recommended but not mandatory in Republika Srpska.⁴⁹ Even in those cantons where it is mandatory participation is relatively low. In the 2011/2012 school year, 16 per cent of children in Bosnia and Herzegovina who were currently attending the first grade of primary school had attended pre-primary school (ages 5-6) the previous year (18.4 per cent in the Federation of Bosnia and Herzegovina and 13.3 per cent in Republika Srpska).⁵⁰ The proportion was higher among girls (25 per cent) than boys (10 per cent) as well as among children living in urban areas (25 per cent) compared to children in rural areas (13 per cent). There was a strongest correlation with household income, with pre-primary school education increasing from 6 per cent in the poorest quintile to 39 per cent in the richest.⁵¹ As of the 2018/2019 school year, participation in pre-primary school education had improved significantly.

45 In 30 of the 143 municipalities in Bosnia and Herzegovina not a single school had a preschool programme (USAID, 2016).

46 Sarajevo Canton gave a subsidy to private kindergartens for the first time in the 2019/2020 school year.

47 Agency for Statistics of Bosnia and Herzegovina, *Education Statistics: Pre-School Upbringing and Education in the School Year 2019/2020*, Agency for Statistics of Bosnia and Herzegovina Statistical Bulletin, 31 March 2020.

48 In urban areas there could be many more private preschools and kindergartens that are not recorded in the official system or that are registered as associations or those that are not registered at all involving small groups of children that play and learn in a non-structured manner in apartments. The drawbacks to this self-help coping mechanism for unemployed and working mothers is that the children are uninsured, the facilities uninspected and the children must still attend a pre-primary school preparatory programme in order to enrol in primary school.

49 USAID, 2016.

50 Each canton has its own rules on obligatory preschool education, but a minimum of 150 hours in the year prior to entering first grade is usually required. UNICEF, Multiple Indicator Cluster Survey 2011–2012. Available from <https://mics.unicef.org/surveys>.

51 Ibid.

The Federation of Bosnia and Herzegovina: According to estimates of the Federal Ministry of Education and Science, 22 per cent of all children from the age of three up to the beginning of primary school had completed some form of preschool education. This was either a kindergarten or a programme of preschool education at a kindergarten.⁵²

Brčko District: Over the past nine years, coverage of children by preschool education prior to beginning primary education⁵³ has been higher in Brčko District than in both entities. Better outcomes in Brčko District are related to its relatively small size and more concerted action to reduce inequalities within education and to improve inclusiveness.

Republika Srpska: The Ministry of Education and Culture estimates that an average of 22.5 per cent of children enrolled in the first grade had completed a preschool programme. Since 2011, Republika Srpska has organised a three-month education programme for those children who do not attend kindergarten. The programme is comprised of three hours a day two days a week from March through May and is implemented in preschools or in those communities where there is no preschool in primary schools. It is funded through the Republika Srpska budget and other sources and is currently estimated to cover between 35 per cent and 45 per cent of children entering first grade.⁵⁴

Roma people represent a small but distinct segment of the population, although the total number of Roma people in Bosnia and Herzegovina remains a subject of debate. The 2013 population census recorded 12,600 self-declared Roma people, which represents 0.36 per cent of the total population. However, considerably higher estimates are suggested by other sources.⁵⁵ As a typical sample survey of the general population would not include sufficient Roma people to draw reliable conclusions, UNICEF implemented a parallel version of their 2011–2012 MICS survey. The UNICEF survey covered 1,791 Roma people households and found that 1.5 per cent of Roma children attended early childhood education and that 4.1 per cent of first grade Roma primary school children had attended pre-primary education; this was slightly higher for boys than for girls (4.4 per cent compared to 3.7 per cent).⁵⁶

2.2.3 Primary education

Since 2004, nine years of primary education has been compulsory for all children between the ages of 6 and 15. Children who turn six by 1 September of the current year are enrolled in the first grade of primary school.⁵⁷ A single teacher teaches lower grades, while generally there are different teachers for different subjects in the higher grades. These arrangements vary between the entities and among the cantons.⁵⁸ In some small villages, the local school only provides the first four years and children

⁵² United Nations Bosnia and Herzegovina, *Voluntary Review on Implementation of Agenda 2030 and the Sustainable Development Goals in Bosnia and Herzegovina*, 2019.

⁵³ This is embedded in the Law on Preschool and School Education of Brčko District. Available from <https://sindikato-obrazovanje.ba/wp-content/uploads/2019/10/Zakon-o-pred%C5%A1kolskom-odgoju-i-obrazovanju.pdf>. The Department of Education and the sub-department Preschool Education offer free of charge transportation for children who live at least three kilometres away and for all children with special needs regardless of where they live. Available from http://vlada.bdcentral.net/Publication/Read/nabavljena_dva_nova_specijalna_vozila_za_prevoz_ucenika_sa_posebnim_potrebama?lang=hr. Corporate social responsibility initiatives are also common in Brčko District. Available from <https://radiobrcko.ba/vijesti-brcko/brcko-bimal-darovao-verticu-nasa-djeca-kombi-za-prijevoz-djece/>). Furthermore, there is significant cooperation and innovation through international projects such as the Save the Children UK and Norway Index of Inclusiveness. Available from www.ombudsmen.gov.ba/documents/obmudsmen_doc2013020406384261cro.pdf.

⁵⁴ Ibid.

⁵⁵ In the Action Plan of Bosnia and Herzegovina for Addressing Roma Issues in the fields of Employment, Housing and Health Care 2017–2020 the Ministry of Human Rights and Refugees of Bosnia and Herzegovina estimates the number of Roma people living in Bosnia and Herzegovina to be between 35,000 and 45,000, based on information provided by municipalities and the associations of Roma people.

⁵⁶ www.unicef.org/bih/en/reports/bosnia-and-herzegovina-roma-survey.

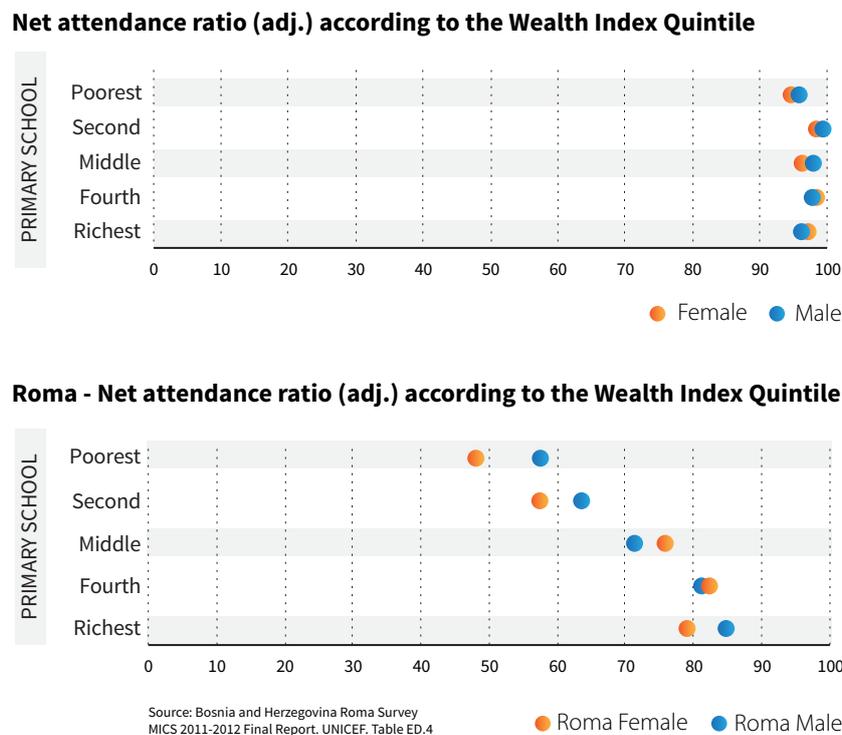
⁵⁷ The exact age depends on when in the year the child was born. This means that some children will start school at the age of five instead of six and finish each stage of their schooling one year younger than described.

⁵⁸ In Canton Sarajevo, for example, there is one teacher from grades 1 through 4 and different teachers for the grades 5 through 9, while some teachers that usually teach grades 1 through 4, teach grade 5 and some teach through 9; however, special permission from the Ministry is required. In Tuzla Canton there is one teacher for grades 1 through 4 and different teachers for various subjects for grades 5 through 9. The

must therefore travel to a larger nearby village for the last five years of their primary education. It is expected that municipalities provide school bus services for the mandatory nine years of primary schooling;⁵⁹ however, parents in some smaller villages have to arrange transportation and there is anecdotal evidence of children having to walk long distances in order to attend school in a neighbouring village.⁶⁰

During the 2011/2012 school year a MICS survey found that the proportion of children of primary school age attending school was high for all groups: 97 per cent in the Federation of Bosnia and Herzegovina, 99 per cent in Republika Srpska, 97 per cent in urban areas, 98 per cent in rural areas and 98 per cent for both boys and girls throughout the country as a whole. However, primary school attendance dropped to 95.4 per cent for families in the poorest income quintile.⁶¹ Only 47 per cent of Roma six-year olds were enrolled in the first grade. Yet by the age of seven enrolment of Roma children had risen to 67 per cent reaching 80 per cent for age 10 before declining to below 70 per cent by age 14. In total, 75 per cent of Roma children who entered the first grade completed middle school (including those repeating a grade).⁶²

Figure 16. Comparison of Roma to non-Roma school participation by income quintile (SDG 4.5)



*2011–2012 MICS data represents the latest survey with a representative sample.

laws at the state and Federation of Bosnia and Herzegovina level do not specify how primary school classes should be organised. However, in Republika Srpska there is a law (Law on Primary Education, 'Official Gazette of Republika Srpska', No. 44/17 from 16 May 2017) that prescribes triads or three three-year clusters the first of which is made up of grades I-III, the second of grades IV-VI and the third of grades VII-IX.

59 In Republika Srpska the Law on Primary Education stipulates that the municipality of the parent's residence should pay for transport, meals and accommodation. In the Federation of Bosnia and Herzegovina, Article 64 of the Law on Primary Education in Canton Sarajevo defines the conditions under which transport costs for pupils shall be paid. The regulation of educational support in Bosnia and Herzegovina is very fragmented and in some cases varies from year to year. The best practice is found in the Department of Education of Brčko District, which provides textbooks for primary school children free of charge and free transportation for pupils who live at least three kilometres from the school and for all pupils with special needs regardless of where they live. Available from www.djeca.rs.ba/uploaded/Zakon_o_osnovnom_obrazovanju.pdf. VNR Bosnia and Herzegovina.

60 UNICEF, 2011.

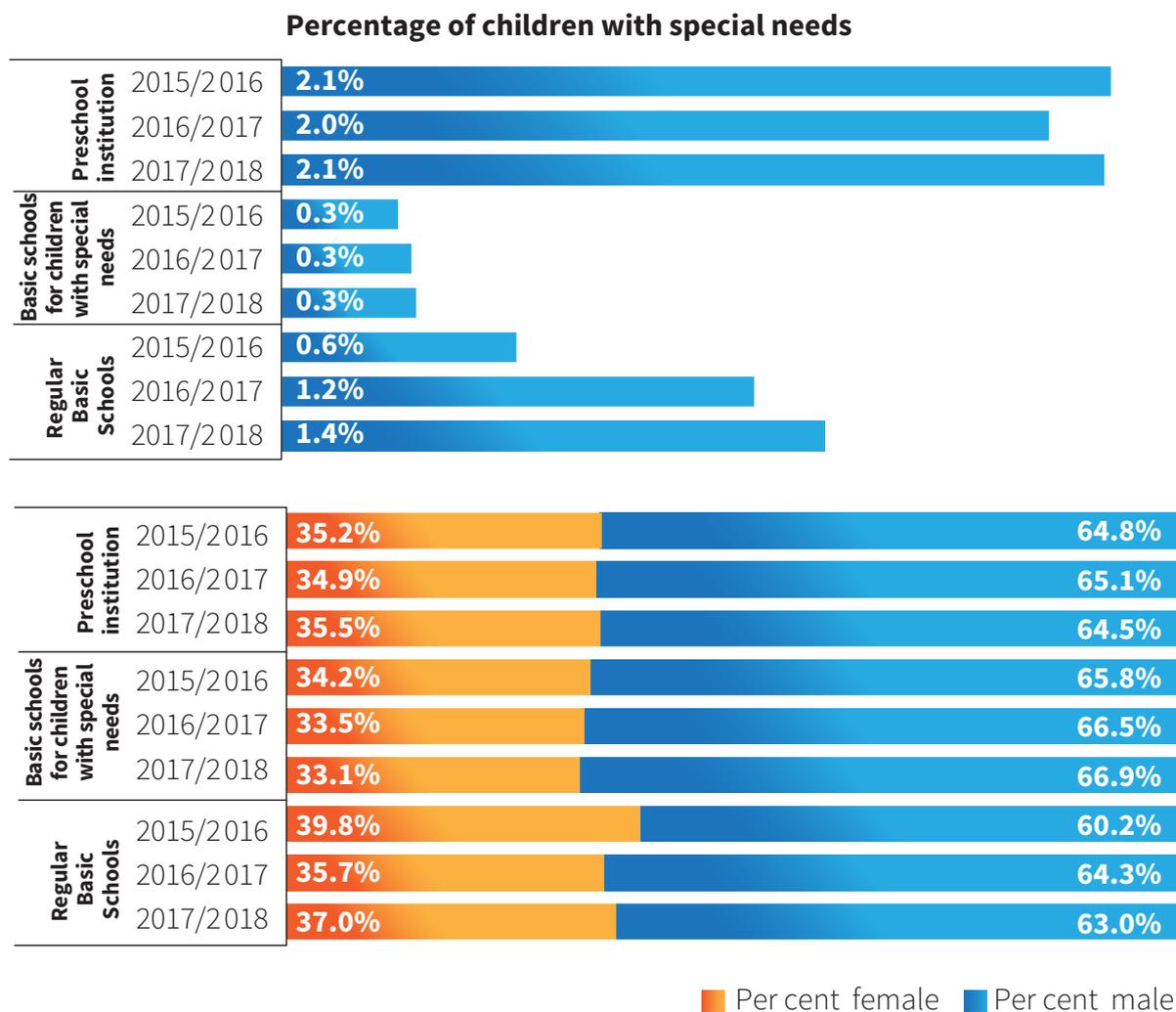
61 http://ba.one.un.org/content/unct/bosnia_and_herzegovina/en/home/publications/istra_ivanje-vi_estrukih-pokazatelja--mics--bih-2011-2012--.html.

62 More recent data on the enrolment of Roma people was not available. See www.unicef.org/bih/en/reports/bosnia-and-herzegovina-roma-survey.

Children with special needs

The following figure relates to the schooling of children with special needs. The numbers for pre-primary education show children with and without special needs, but in the same preschools, while the data for primary and secondary education reflects whether children were in regular schools or schools for children with special needs. At each stage, despite representing almost half of the child population, girls made up around one third of the pupils in schools for children with special needs. This ratio of roughly 2:1 of boys to girls found in schools for children with special needs is present in many countries, although there is considerable disagreement about the causes of the gender imbalance.⁶³

Figure 17. Children with special needs mainstreamed or in special schools at different levels of education (SDG 4.5)



Source: BHAS Education Statistical Bulletins 2019, 2018 and 2017. Tables: 'Basic school pupils according to grade in the school year', 'Nine year education pupils in basic schools for children with special needs' and 'Pupils with special needs included in the regular education programme'.

Regardless of the fact that school is compulsory for all children, social, economic or practical barriers can lead some pupils to drop out after they have completed their lower primary school

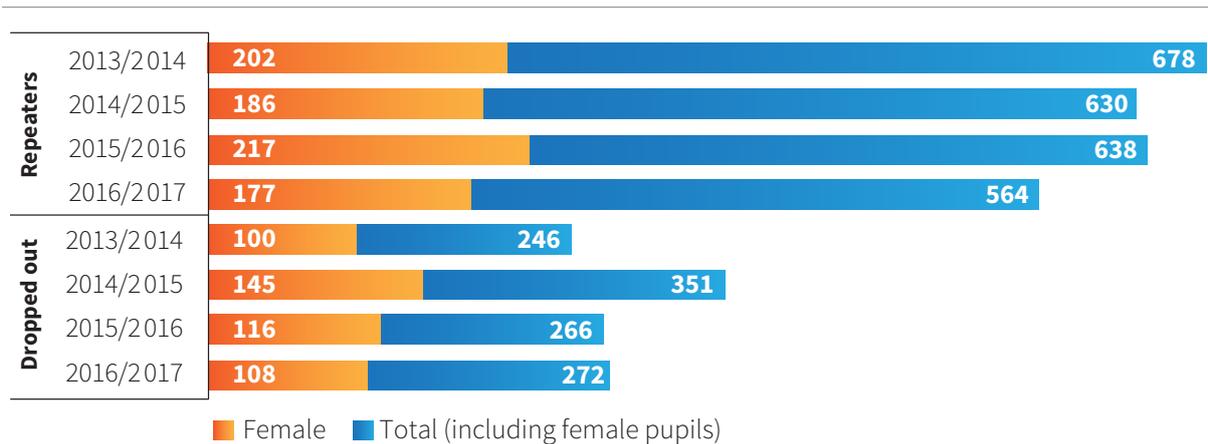
⁶³ Federal Office of Statistics for the entity the Federation of Bosnia Herzegovina (XIII, 31 October 2018), Demography and Social Statistics: Educational Statistics, Table 7.

education. A recent Local Action Research on Scale and Causes of Education Dropout⁶⁴ conducted in eight municipalities found that a lack of motivation, lack of support and the need to work were the reasons most frequently given for dropping out of school, followed by moving to another country and lack of transportation.

The study found that the children most at risk were those from socially vulnerable families with parents who were unemployed and lacked the basic financial resources, children with special needs and Roma children. Dysfunctional families and domestic violence were also found to be risk factors. There is also the pressure in agricultural households for children to join in seasonal work and this can encourage families to pull their children out of school in order for them to help with agricultural tasks, which can lead to their having to repeat a grade or not return at all.

"Dropping out of primary school leaves a child illiterate without adequate conditions for natural cognitive development" ... "If a young person drops out of secondary school, they do not have as much trouble with development as they do with finding their place in society as earners."⁶⁵

Figure 18. Children who repeat, withdraw from or dropout of school (SDG 4.6)



Source: BHAS Education Statistics Bulletins 2018, 2017, 2016 and 2015. Tables: 'Basic schools in the school year' and 'Pupils of basic schools who changed the place of schooling or discontinued schooling during the school year'.

2.2.4 Secondary education

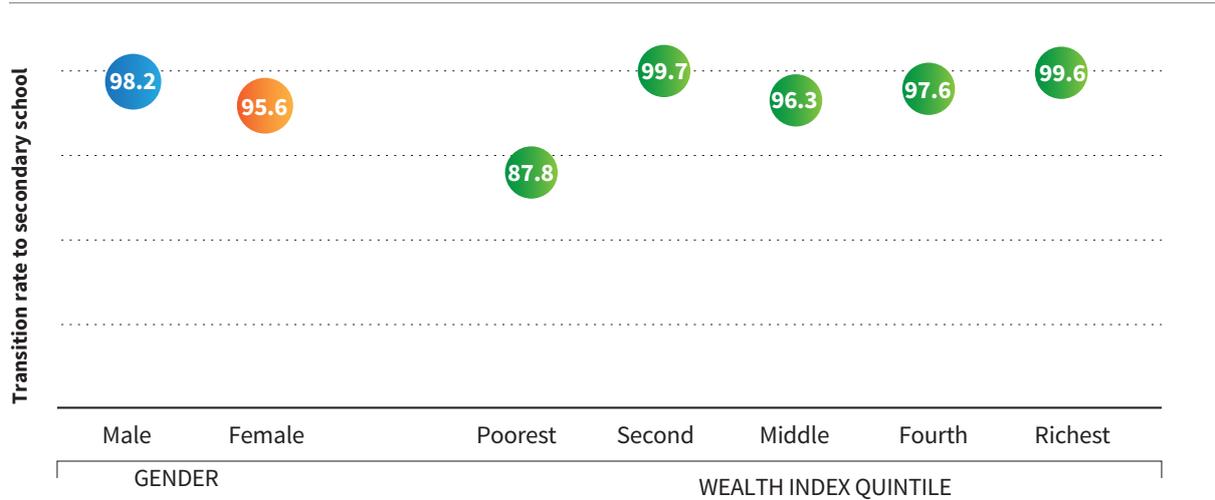
After completion of the mandatory nine years of education at the age of 15 pupils can either leave school and seek work or continue their education at either a three or four year vocational/technical middle school or an academic four-year secondary school.⁶⁶ At this level, teaching staff are specialised according to particular subjects. Larger towns offer separate schools such as a 'mathematical secondary school' or a 'machinery-technical middle school' to which children can apply. In smaller towns a single school will offer a more limited range of subjects and children must choose between the options available or if their families have the means to support them they can arrange to live in a larger town where they can study their preferred subject.

64 Zevčević, I., 2018.

65 Ibid.

66 While the professional school staff in Bosnia and Herzegovina includes an educational psychologist to support the early identification and response to children with learning disabilities or behavioural problems there is no systematic professional career or vocational counselling available to pupils in their final year of primary school. See Kreso, A. P. (2012) and Dušanić et al. (2017).

Figure 19. Transition rate to secondary school (SDG 4.3)

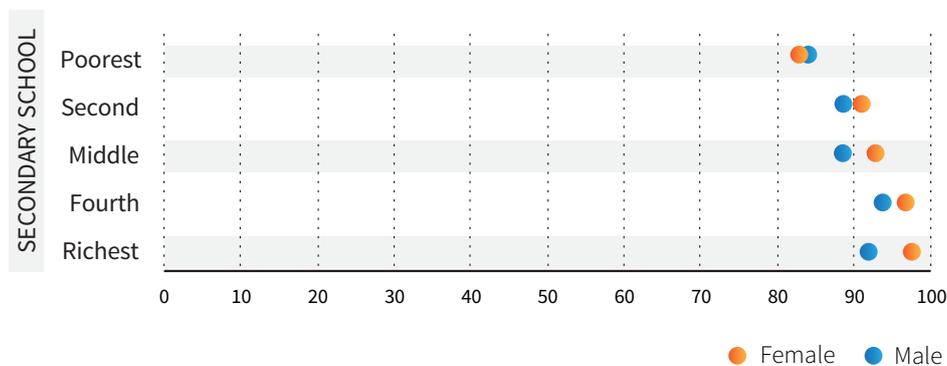


Source: Bosnia and Herzegovina MICS 2011-2012 Final Report. UNICEF. Table Ed.7.

For children in smaller towns and rural villages and lower income groups the cost of transportation or lodgings represents a significant barrier to continuing their education at either a vocational or an academic institution. As this next stage education is not compulsory and some children from rural areas and children from vulnerable groups end their education at this point. Their urban counterparts face no such barriers to moving on to a technical school or secondary school and therefore tend to progress with their education.

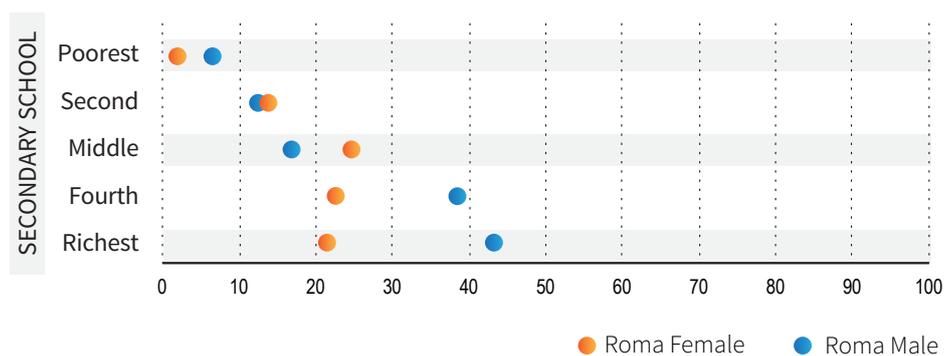
Figure 20. Secondary school attendance (SDG 4.5)

Net attendance ratio (adj.) by Wealth Index Quintile



Source: Bosnia and Herzegovina MICS 2011-2012 Final Report. UNICEF. Table ED.5.

Roma- Net attendance ratio (adj.) according to the Wealth Index Quintile



Source: Bosnia and Herzegovina Roma Survey MICS 2011-2012 Final Report. UNICEF. Table ED.5.

The 2010–2011 MICS surveys found that 92 per cent of children of secondary school age were in secondary education in both the Federation of Bosnia and Herzegovina and in Republika Srpska. It also found that attendance by girls had increased and that attendance in rural areas had increased slightly. Wealth was again a significant factor having a slightly greater impact on girls than boys. As illustrated in the comparative figures above, secondary school attendance was consistently much lower for Roma children with a wider gap between girls and boys and a much more pronounced influence of wealth. The pandemic related shift to online education can be expected to increase the wealth effect through differential access to education resources for the duration of school closures or other measures to limit social contact in education.

2.2.5 Tertiary education

The final stage of education in Bosnia and Herzegovina consists of technical colleges or university faculties where only a few institutions in the country offer certain subjects. Unless a student lives in a large city or happens to live close to the college or university of their choice it is usual to move away from home and stay in student accommodation during term time. This option is only available to those whose families are able to provide the necessary funds or students whose academic ranking entitles them to scholarship funding.

Box 7.

Scholarship programmes in Republika Srpska and the Federation of Bosnia and Herzegovina (SDG 4.b)

Students ranked in the top 30 per cent of their academic year are entitled to begin tertiary education financed from the budget of the relevant education authority. In Republika Srpska there is also an annual grant aimed at supporting students who enrol in study programmes that lead to work in underrepresented professions; these students also receive free textbooks and financial support. In the Federation of Bosnia and Herzegovina the government mainly provides student scholarships at the entity/cantonal level in accordance with a range of criteria that include both need and merit based elements. The Loan Fund allocates loans to students according to prescribed criteria. Approximately 30 per cent of students at the eight public universities in Bosnia and Herzegovina are budget financed students, while the other 70 per cent pays tuition fees (as self-financing students or part-time students). Budget financed students have to pay registration and library fees each year equivalent to approximately BAM 150 (approximately EUR 76).

The Federal Ministry of Education and Science allocates financial support to all Roma students and to those with special needs as well as merit scholarships to students demonstrating the best academic performance. Private institutions set their own fees. Local governments, international organisations, companies, banks and foundations offer grants for both public and private students, although part time students are not eligible for state funded grants.

EU, 2017. Overview of the Higher Education System– Bosnia and Herzegovina. Available from http://eacea.ec.europa.eu/education/eurydice/index_en.php.

While the gender balance in pre-primary and primary education is very close girls begin to outnumber boys in secondary education. Yet the biggest gender difference by far arises in tertiary education where the majority of university undergraduates are female. Women also represent a larger share of post-graduate students, while men more frequently enrol in vocational/technical schools. The

choices that men and women make in relation to academic programmes in tertiary education reflect the influence of traditional gender stereotypes that sort them more or less into remunerative professional fields.

Women in Bosnia and Herzegovina outnumber men in the humanities and social sciences, while men constitute the large majority in the fields of engineering and other technical subjects. This applies even within the same field where, for example, female physicians are more likely to become family practitioners or obstetricians/gynaecologists whereas males are more likely to become surgeons. While pay disparity between male and female professions is hardly limited to Bosnia and Herzegovina it is evident in the education system and in the labour force.

2.2.6 Vocational education

Youth and adult education can include formal and informal learning. Legal provisions that govern continued adult education define this area as part of a unified education system. According to the Framework Law on Primary and Secondary Education in Bosnia and Herzegovina, "Adult education includes professional training, new training, retraining and other activities that provide lifelong learning. Adult education is or will be governed by the laws of the entities, cantons and Brčko District of Bosnia and Herzegovina, in accordance with the principles and standards defined by this law."

The Framework Law on Vocational Education and Training in Bosnia and Herzegovina provides that, "Schools may organise training for adults within their registered activity, with the consent of the relevant education authorities. The competent minister brings the curriculum for adult education and training."

In addition, the same Law stipulates that, "Students of adult training will be charged for training. The fee amount is determined and adopted by the school board with the approval of the competent ministry of education."⁶⁷

Primary and secondary literacy adult education is provided in order to allow persons that have not completed their primary and/or secondary education to be included in the education process. Although certain schools in Bosnia and Herzegovina are designated for these activities their number is not sufficient to meet the need and they are not available in all areas of the country. Centres for Adult Education services have been established to provide supplementary training, retraining and specific skills and knowledge such as IT and foreign languages.⁶⁸

2.2.7 Ethnicity and education

The fact that Bosnia and Herzegovina has, according to its constitution, three constituent peoples affects the teaching of language, history and religion. The differences between the Bosnian, Croatian and Serbian languages are analogous to that between British and American English: close enough for people to understand each other without difficulty but different enough in accent and pronunciation to make the speaker's language variant immediately obvious. The range of literature studied at school can be selected to show diversity or to emphasise a particular ethnic or language group. While the relatively minor differences in language have been used as leverage in political manoeuvring the teaching of history has been particularly contentious in that it reflects three

⁶⁷ European Commission. Available from EURYDICE https://eacea.ec.europa.eu/national-policies/eurydice/content/adult-education-and-training-11_en.

⁶⁸ UNESCO, 2015.

different and often conflicting views of both the distant and recent past with considerable potential to emphasise ethnic differences and sow discord. The teaching of religion in separate classes for children from Muslim, Catholic or Orthodox families also emphasises the differences among the population. Recently, the option of an alternate class on the History of Religion, Culture and Society was introduced in some school systems.

These issues have major implications for social inclusion and affect whether children are integrated, segregated or isolated at school. This helps to form the attitudes that children will carry into adult life and therefore shapes the future society. In line with the broader discussion on curriculum and the reform of teacher training, the Agency for Pre-Primary, Primary and Secondary Education and representatives of CIDREE (Consortium of Institutions for Development and Research in Education in Europe) met in early 2020 to discuss future activities aimed at developing a set of guidelines for inclusive education.⁶⁹

Box 8.

The Shared Education Model

The Shared Education Model offers a solution for effectively overcoming and addressing the implications of divided societies with structurally and inherently divisive education systems (such as in Bosnia and Herzegovina). By enabling shared cross community activities and projects, the primary aim of which is the improvement of the quality of education, shared education practices over time and through contact enable the overcoming of prejudices and decrease social distance between different (in the case of Bosnia and Herzegovina ethnic) groups. Experimental work is also currently underway in Bosnia and Herzegovina to explore methods of teaching history that reduce rather than reinforce the existing prejudices and stereotypes.

Sabina Cehajic-Clancy

The practice of 'two schools under one roof' was initiated in the early post-war period in some parts of the country as a temporary measure aimed at encouraging refugees and displaced persons to return. Although it has since been largely phased out, a recent report from the OSCE found that 56 schools (46 primary and 10 secondary) in 28 locations in the Central Bosnia Canton and the Herzegovina Neretva Canton in the Federation of Bosnia and Herzegovina still segregate children of different ethnic groups. This is done either by teaching them at different times in the same building or by dividing the school building to incorporate separate entrances or by using separate buildings at the same location.⁷⁰

The practice of segregating schoolchildren according to ethnicity is a breach of international conventions as well as of the legislation in Bosnia and Herzegovina and has been found to be discriminatory by the courts in Bosnia and Herzegovina, albeit without the enforcement of court orders. Although this problem only affects a relatively small number of schools what is more worrying is the evidence of efforts to build new segregated facilities. Bosniak and Croat pupils in Jajce demonstrated against the Municipal Council's plan to build a new segregated secondary school, which was tabled but has not been withdrawn. In Kiseljak a shared sports hall was slated to become mono-ethnic after a new second sports hall was constructed and designated as mono-ethnic.⁷¹

69 European Commission. Available from EURYDICE at https://eacea.ec.europa.eu/national-policies/eurydice/content/national-reforms-school-education-8_en.

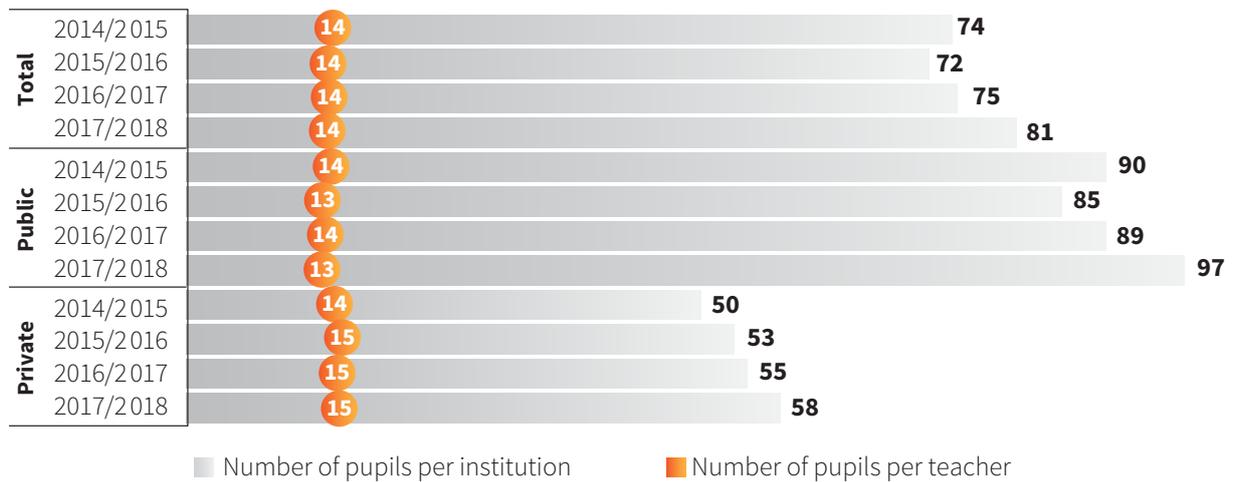
70 OSCE Mission to Bosnia and Herzegovina 2018 and Trkulja, A., 2017.

71 Ibid.

2.2.8 Teacher-pupil ratios

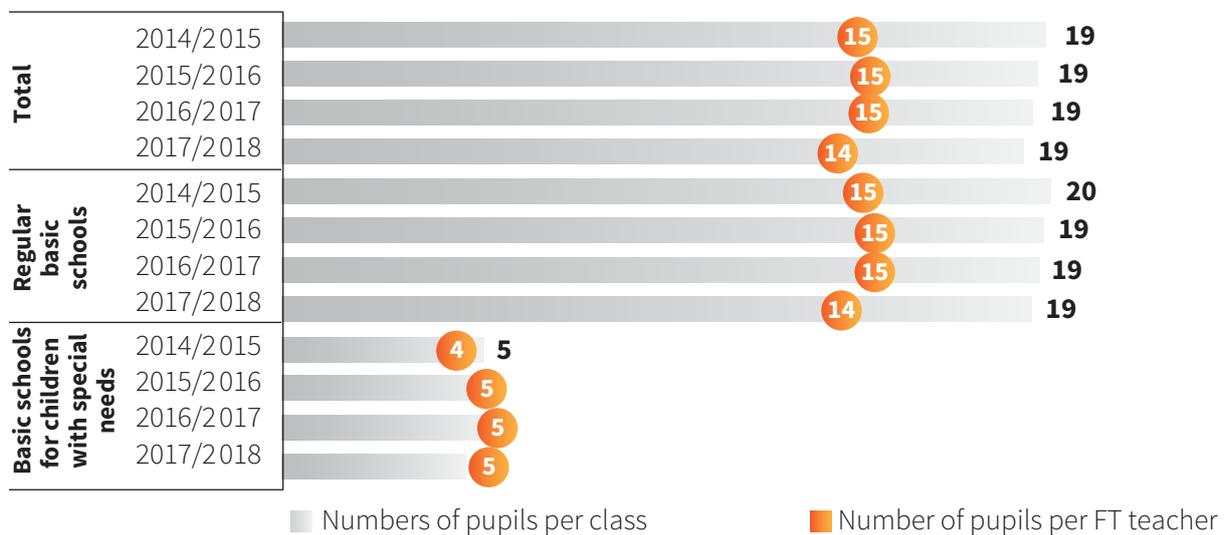
One of the key measures of inputs to education is the pupil-teacher ratio where lower values indicate higher input per pupil and, hopefully, better outcomes. The following figure shows the available data on pupil-teacher ratios at different stages of education in Bosnia and Herzegovina, which are in line with regional and European norms.

Figure 21. Teacher-pupil ratio in preschools 2014–2018 (SDG 4.c)



Source: BHAS Education Statistics Bulletins 2016, 2017, 2018 and 2019.
Table 1, Preschool institutions in the school year.

Figure 22. Teacher-pupil ratio in basic (primary) schools 2014–2018



Source: Education Statistics Bulletins, years: 2016, 2017, 2018, 2019. BHAS.
Table 1: Basic schools in the school year, Table 9: Teaching staff of basic schools in the school year.

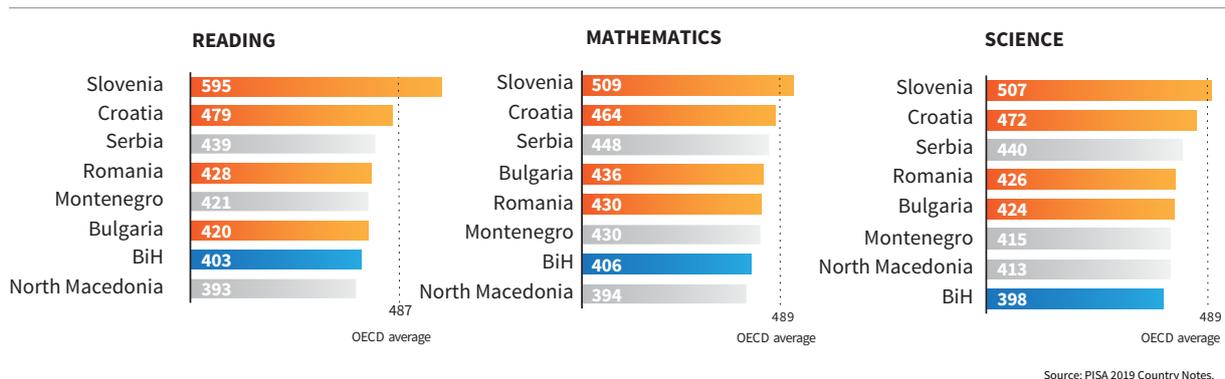
2.2.9 Learning outcomes in international testing

Bosnia and Herzegovina first participated in the OECD Programme for International Student Assessment (PISA) in April 2018.⁷² Figure 23 below shows Bosnia and Herzegovina in comparison with the neighbouring countries where Bosnia and Herzegovina scored as follows: reading 403, mathematics 406 and science 398 against the OECD average of reading 487, mathematics 489 and science 489.

Fifteen year olds in Bosnia and Herzegovina scored lower than the OECD average in reading, mathematics and science, a smaller number of pupils than the OECD average scored the highest level of proficiency in at least one subject and a smaller proportion of pupils than the OECD average scored the minimum level of proficiency in at least one core subject.

However, it is noteworthy that that equity within education was higher in Bosnia and Herzegovina than the OECD average with girls and boys performing equally well in maths and science. In addition, the gap between the scores of socioeconomically advantaged pupils and disadvantaged pupils was significantly lower than the OECD average and some 13 per cent of disadvantaged pupils scored in the top quarter on reading performance. High and low performing pupils were clustered less frequently into separate groups than in other countries and there was no significant difference in staff shortages at advantaged and disadvantaged schools.⁷³

Figure 23. PISA results for the Western Balkans region in 2019 (SDG 4.6)



2.2.10 Conclusions on participation in education

Comparing the data for these three levels of education suggests that compulsory primary education is effective in reaching almost all children irrespective of their location or family situation but that these factors play a greater role when education becomes optional at the secondary level. Roma children enter primary school later and their participation rate remains lower compared to other pupils, although their numbers increase in the second and higher grades. While the majority of Roma children who enrol complete mandatory primary school they have a considerably higher dropout rate in the higher grades, while secondary school attendance for Roma children is significantly lower compared to the majority population. While there is only limited data on the participation of children with special needs in secondary and tertiary level education, there is a consistent pattern of reduced participation at all levels of education for children from lower income families.

⁷² Other international assessments are coordinated by the International Association for the Evaluation of Educational Achievement and include 'PIRLS' (Progress in International Reading Literacy Study) and 'TIMSS' (Trends in International Mathematics and Science Study).

⁷³ OECD PISA Country Note, Bosnia and Herzegovina, 2019.

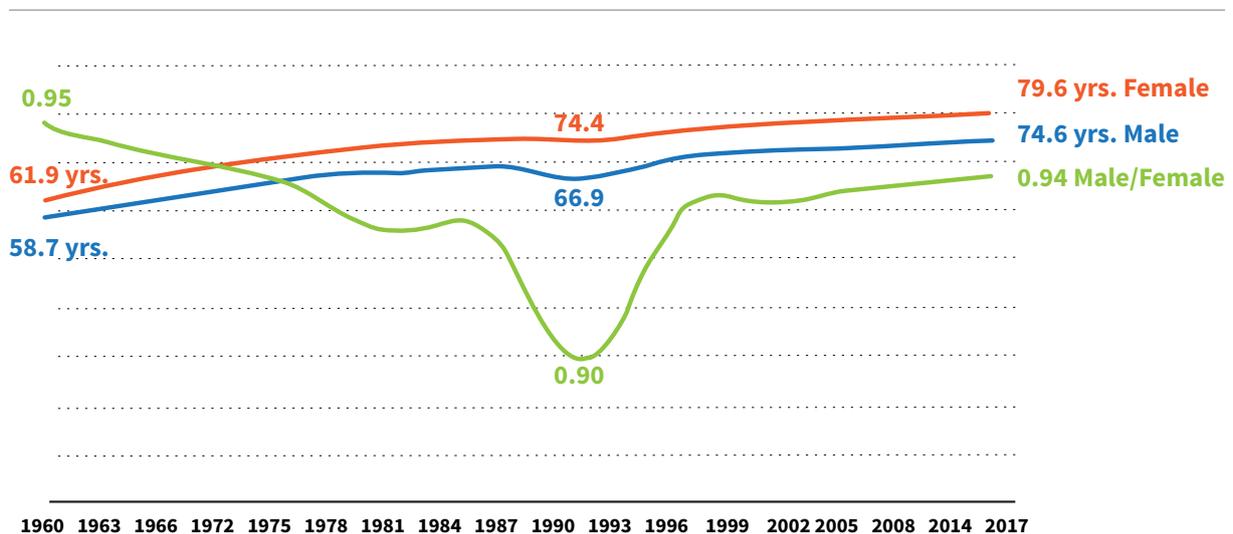
2.3 Health

This section looks at the ways in which changes in the distribution of access to healthcare could be influencing and at the same time contribute to inequality in Bosnia and Herzegovina as well as the demographic shifts described in the section above.

2.3.1 Indicators of health in Bosnia and Herzegovina

An adequate healthcare system is central to the concepts of human development and social inclusion, while the basic purpose of any healthcare system is to keep people active and healthy for as long as possible. Life expectancy at birth is commonly used as a proxy indicator for the level of development in a country and is included in the Human Development Index composite described in the preceding chapter. The ‘healthy life expectancy’ and ‘disability adjusted life expectancy’ shown in the figures below reflect the averages in Bosnia and Herzegovina as calculated in line with the WHO definitions.

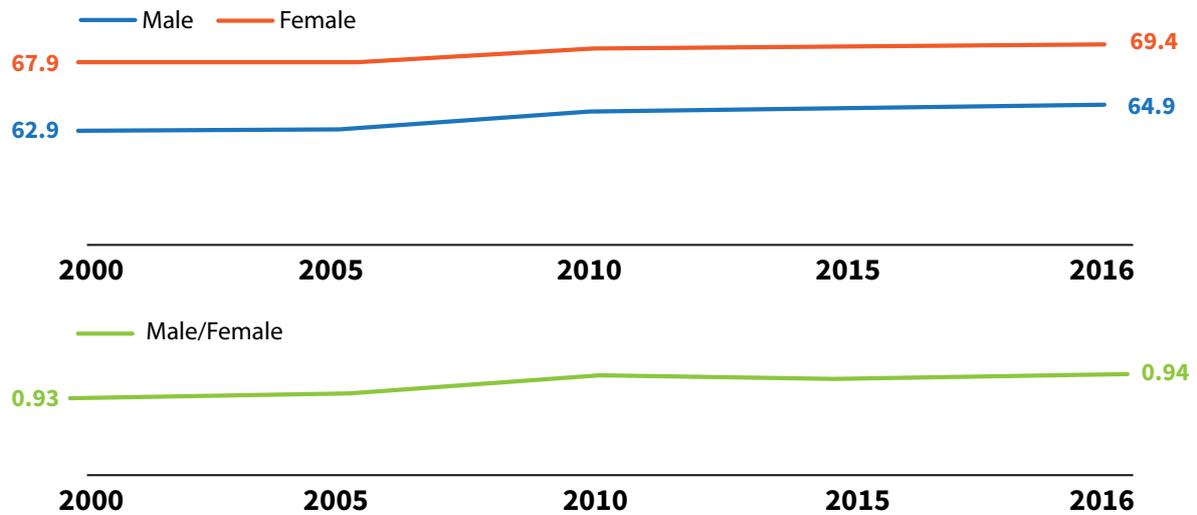
Figure 24. Life expectancy at birth (male/female) trends (SDG 3)



Source: World Development Indicators. Series: SP.DYN.LE00.MA.IN; SP.DYN.LE00.IN; SP.DYN.LE00.FE.IN.

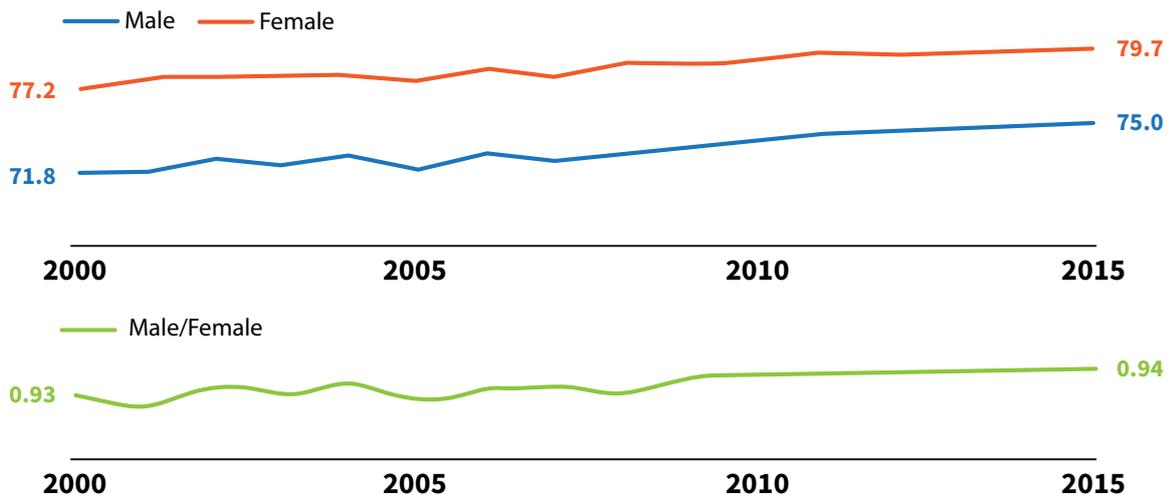
With a value of 77.2 years of life expectancy at birth, Bosnia and Herzegovina compares well with the other Western Balkans countries. Both sexes have seen a steady rise in life expectancy together with a gradual reduction in the gender gap, following a pattern similar to the EU.

Figure 25. Healthy life expectancy at birth (male/female) trends (SDG 3.1)



Source: WHO. Global Health Observatory data repository. Available from <http://apps.who.int/ghodata/view/main.HALEXv?lang=en>.

Figure 26. Disability adjusted life expectancy at birth (male/female) trends

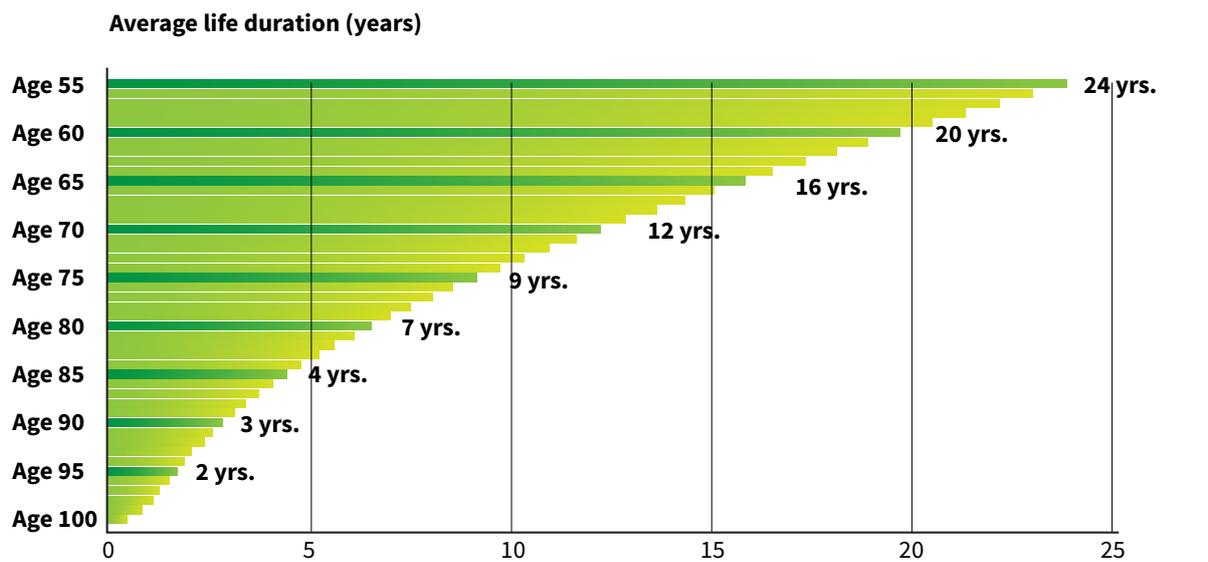


Source: Regional Office for Europe. WHO. Series: HFA_67, HFA_68, HFA_69.

Life expectancy at age sixty

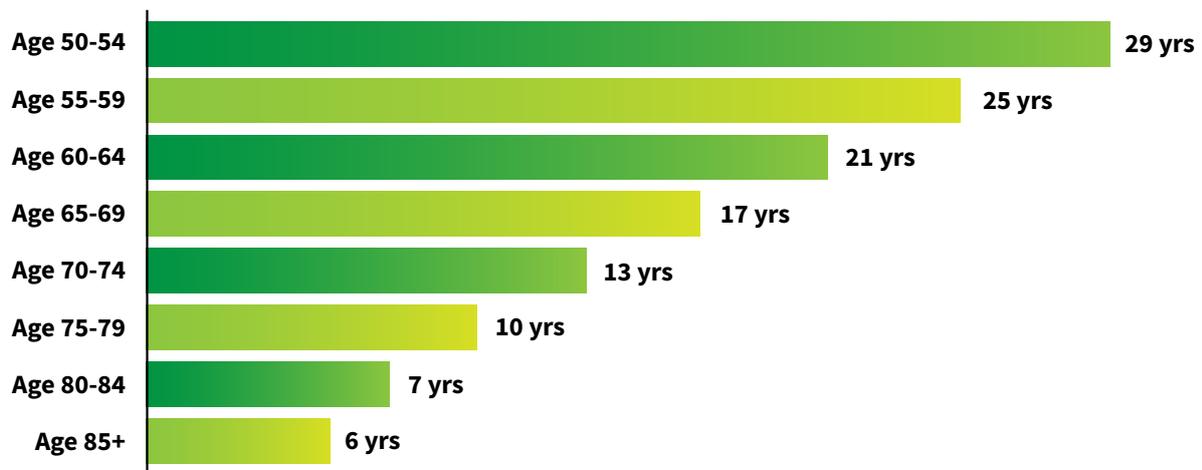
Another indicator of the performance of a healthcare system is the healthy life expectancy of older adults. As shown in figures 27 and 28 below, older adults in Bosnia and Herzegovina can expect on average another 20 years of life after nearing or reaching retirement age. In light of the demographic challenges currently facing Bosnia and Herzegovina as well as the other countries of the Western Balkans, the post-retirement age expected life span in Bosnia and Herzegovina should be considered when formulating the future health system, education and training, social protection and labour market policies in order to increase equity of access and improve the social and economic integration of older adults.

Figure 27. Life expectancy of the population of the Federation of Bosnia and Herzegovina 2012–2014



Source: Page 14 of the Detailed Life Table on the Population of the Federation of Bosnia and Herzegovina 2012-2014.

Figure 28. Life expectancy of the population of Republika Srpska in 2019



Source: 2019 Statistical Yearbook. Republika Srpska. Republika Srpska Institute of Statistics. Table 5.17. Life expectancy.

2.3.2 The healthcare system in Bosnia and Herzegovina

The Constitution of Bosnia and Herzegovina delegates the responsibility for the provision of healthcare to the two entities and Brčko District. There is no state level ministry of health, although the Ministry of Civil Affairs is responsible for national coordination and international strategies related to health.⁷⁴ Bosnia and Herzegovina has a total of 13 health insurance funds and 13 ministries or departments responsible for the provision of healthcare services, in an arrangement that directly follows the constitutional structure of the country.

74 Article 15 of the Law on Ministries and Other Administrative Bodies of Bosnia and Herzegovina of 2003.

The Constitution of the Federation of Bosnia and Herzegovina describes healthcare as a joint responsibility of the entity and of the cantons, supported by the eleven ministries of health and the eleven health insurance funds: one fund in each canton and at the entity level through the 'Solidarity Fund'. The latter was designed to equalise access to the most sophisticated healthcare and to pay for priority public health programmes such as immunisation. Service provision varies widely across the cantons in terms of access, quality and cost with some cantons requiring an annual fee as well as co-payments for a wide range of services. Republika Srpska has one health ministry and one health insurance fund, while Brčko District has one department that is responsible for health and one health insurance fund.

The healthcare system includes the insurance funds, medical facilities and staff. The structure of health facilities in both entities reflects the model and system of former Yugoslavia comprised of specialist clinical centres, specialist and general hospitals, health centres and smaller outpatient clinics. There is also a network of public health institutes that are responsible for monitoring and surveillance, health protection, disease prevention and health promotion. These institutes are distributed geographically with the central Public Health Institute for the Federation of Bosnia and Herzegovina located in Sarajevo and cantonal public health institutes in the Central Bosnia, Posavina, Sarajevo, Tuzla and Zenica cantons, while the central Public Health Institute of Republika Srpska is located in Banja Luka with five branches distributed throughout the entity.

2.3.3 Health insurance coverage

Bosnia and Herzegovina inherited a system of social insurance (healthcare, old age pension insurance, unemployment and disability insurance and in Republika Srpska child protection) in which entitlement is linked to employment and based on paid contributions. Coverage is straightforward for anyone who is formally employed along with his or her dependents. The employer deducts the employee's health insurance contribution as a constant percentage of base pay that cannot be lower than the minimum wage, with no minimum or maximum levels, from his or her wage and pays it directly into the respective insurance fund in the employee's place of residence.

Given that citizens of Bosnia and Herzegovina can live in one entity and work in another the interrelationship between place of residence, payment and treatment are important. The health insurance contributions employers deduct from their employees' wages flow into the fund in the employee's place of residence and are not transferable. Citizens in the Federation of Bosnia and Herzegovina are expected to receive planned care through the entity or the canton of their residence, while by law emergency medical treatment is provided at the nearest appropriate facility regardless of insurance coverage. Patients can be referred elsewhere for specialist treatment with the payments being transferred between the respective funds and care institutions.

Each registered individual receives a health booklet and must ensure that it is stamped regularly (monthly or quarterly) to show that the contributions have been paid by them or on their behalf. The paper booklets are gradually being replaced by smart cards, but the principle remains the same.

While the underlying principle of an insurance based healthcare system is that care is provided to those who have insurance coverage, the Constitution of Bosnia and Herzegovina follows the European Convention for the Protection of Human Rights and Fundamental Freedoms. In 2008, in ratifying the European Social Charter Bosnia and Herzegovina accepted the obligation to provide the uninsured with access to necessary healthcare. Under the Charter parties are required, "to ensure that any person who is without adequate resources and who is unable to secure such resources either

by his own efforts or from other sources, in particular by benefits under a social security scheme, be granted adequate assistance and, in case of sickness, the care necessitated by his condition.”⁷⁵

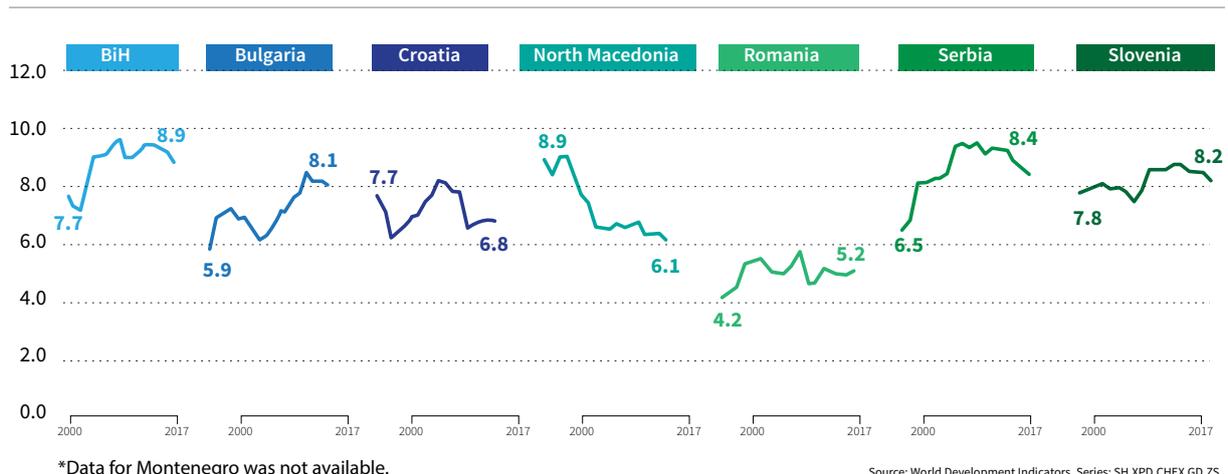
In practice, however, many people lack adequate coverage. Current estimates suggest that only 78 per cent of the population of Republika Srpska and 86 per cent of the population of the Federation of Bosnia and Herzegovina are covered by health insurance. This estimate ranges from a low of 64 per cent in Canton 10 to a high of 96 per cent in the Sarajevo and the West Herzegovina cantons.⁷⁶ In addition to the variation in the levels of coverage across the entities, the level of average per capita expenditure varies widely across the cantons of the Federation of Bosnia and Herzegovina. The rate in Sarajevo Canton, for example, is nearly double that of the Central Bosnia Canton.⁷⁷ Aside from those employed by enterprises that are in financial difficulty (including many state owned companies and hospitals)⁷⁸ that fail to pay the health insurance contributions required by law, the lack of coverage most frequently affects individuals outside the formal economy who are vulnerable according to one or more dimensions.⁷⁹

Although individuals without health insurance have the right to medical treatment they and their dependent family members are less likely to seek preventive care and to delay addressing health problems until they become more acute and thus more difficult as well as expensive to treat. While emergency care is provided for those without insurance, despite the absence of the 'adequate assistance' guarantee, vulnerable individuals may not be aware of their right to receive care and may find it difficult or impossible to obtain care.

2.3.4 Healthcare expenditure

At 9.2 per cent, healthcare expenditure in Bosnia and Herzegovina is the highest in the region. High healthcare spending in Bosnia and Herzegovina is in part a result of the highly fragmented nature of its health systems, which entails substantial duplication and hinders coordination across administrative boundaries. Moreover, as healthcare is financed primarily through employee contributions, the burden of financing care falls almost entirely on those in formal employment.⁸⁰

Figure 29. Current health expenditure (percentage of GDP) (SDG 3.c)



75 Article 13.1 of the European Social Charter.

76 Estimates as of 2015, Martić, M. and O. Đukić, 2018.

77 Ibid. BAM 875 in Sarajevo Canton and BAM 453 in the Central Bosnia Canton in 2015.

78 State owned and public hospitals are supported through public budgets. As politically important large employers, their continued function is essential and yet they can also be subject to arrears in the transfer of budget funds and therefore can pass such arrears on to other public entities.

79 This relates in particular to the self-employed and farmers who fail to pay direct contributions and the unemployed in the Federation of Bosnia and Herzegovina who fail to register along with Roma people and other persons without identity documents and the elderly who cannot navigate the system as well as the dependents of these persons.

80 Llaudes, R. et al., 2015 and Martić, M. and O. Đukić, 2017.

Care is provided by both public and private facilities and is reimbursed through both public funds and private out-of-pocket payments. Although the vast majority of the population is covered by health insurance, only 71 per cent of the total cost of care is covered by public expenditure with the remaining 29 per cent covered by private citizens. Approximately 55 per cent of the total is for treatment services and 27 per cent for medication and other medical devices. The share of private expenditure is greatest for outpatient services, including medicine and medical goods (57 per cent private versus 43 per cent public expenditure) and rehabilitation treatment (about 32 per cent private compared to 68 per cent public).⁸¹ While members of vulnerable groups can be exempted from these contributions they still face the cost of travel to receive medical treatment and can receive nothing beyond emergency care.

2.3.5 Healthcare financing

In both entities, the employer withholds health, pension and unemployment and disability contributions from their employees' wages and pays this directly into the respective insurance fund. In the entities, the employer also pays an additional employer's contribution. Payment of these contributions establishes the right to healthcare for the employee and their dependents (non-working spouse and children).

Box 9.

Current rates for social insurance contributions

Current rates for social insurance contributions, including health insurance.

a) Employee's share

The Federation of Bosnia and Herzegovina: 17 per cent for pension insurance, 12.5 per cent for health insurance, 1.5 per cent for unemployment insurance (in total, 31 per cent on the gross wage).

Republika Srpska: 18.5 per cent for pension insurance, 12 per cent for health insurance, 0.6 per cent for unemployment insurance, 1.7 per cent for child protection (in total, 32.8 per cent on the gross wage*).

Brčko District: 17 per cent for pension insurance for employers who apply the Federation of Bosnia and Herzegovina law and 18 per cent for pension insurance for employers who apply the Republika Srpska law, 12 per cent for health insurance and 1.5 per cent for unemployment insurance (in total, 30.5 per cent or 31.5 per cent on the gross wage).

b) Employer's share

The Federation of Bosnia and Herzegovina: 6 per cent for pension insurance, 4 per cent for health insurance, 0.50 per cent for unemployment insurance (in total, 10.50 cent on the gross wage).

Republika Srpska: No such contributions are paid.

Brčko District: 6 per cent on the gross wage for pension insurance for employers who apply the Federation of Bosnia and Herzegovina law.

Source: The website of the Foreign Investment Promotion Agency of Bosnia and Herzegovina. Available from www.fipa.gov.ba/informacije/poslovanje/doprinosi/default.aspx?id=90&langTag=en-US.

*Reduced to 32.8 per cent as of 1 January 2020, in accordance with the Law On Amendments to the Law on Taxation in Republika Srpska ('Official Gazette of Republika Srpska', No. 112/19).

81 Spending levels as of 2016 cited from ERP 2019–2021.

The self-employed, including people working in agriculture, can pay health insurance contributions directly in order to receive these entitlements. Primary and secondary school pupils and students over the age of 18 can register for non-contributory health coverage with the relevant government department, which makes a small contribution to the health insurance fund on behalf of the pupil or student.

Health insurance for pensioners (who constitute 33 per cent of health insurance holders in the Federation of Bosnia and Herzegovina and 35.53 per cent in Republika Srpska) is paid into the entity health fund by the entity pension fund in Republika Srpska and the respective cantonal funds in the Federation of Bosnia and Herzegovina. Health insurance contributions for the unemployed (who make up 18.6 per cent of the insured in the Federation of Bosnia and Herzegovina and 22.2 per cent in Republika Srpska) was shifted from the Public Employment Service to the entity budget in Republika Srpska at the beginning of 2020, while this shift is scheduled in the Federation of Bosnia and Herzegovina in the near future.

The municipal centres for social welfare (CSW) and the responsible entity ministries pay health insurance contributions for their beneficiaries (who account for 3.70 per cent of the insured in the Federation of Bosnia and Herzegovina and 1.33 per cent in Republika Srpska). Both entity systems also cover the spouse, children and other dependent family members of the insurance holder if they are not insured in another way; however, the health funds do not receive any additional funding for these additional beneficiaries.⁸²

The contribution rates for pensioners, the unemployed and social beneficiaries are more problematic and systematically inadequate. Furthermore, the health contributions for the unemployed in the Federation of Bosnia and Herzegovina are paid in accordance with rates defined by the cantons. For example, the health contribution rate and the contribution base for the unemployed in Posavina Canton is 3.0 per cent whereas in Canton 10 it is 0.7 per cent of the average salary and in Zenica-Doboj Canton it is 1.25 per cent of the base (which is 40 per cent of the average salary in the Federation of Bosnia and Herzegovina).⁸³ In addition, under a government decision from 2004, in the Federation of Bosnia and Herzegovina the health contribution rate for pensioners is paid at a rate of 1.2 per cent of their net pension. In Republika Srpska health insurance for pensioners was reduced from 3.75 per cent to 2 per cent of the net pension in 2011 and subsequently to 1 per cent of the net pension as of 2013.⁸⁴

2.3.6 Health system reform

In addition to the inherent problems of the significant disparity in the cost, coverage and accessibility within the highly fragmented system of insurance and service delivery,⁸⁵ the healthcare sector suffers from chronic and mounting arrears, an ageing and shrinking population and an exodus of healthcare workers. While contribution rates are high for workers in formal employment they comprise a little more than one third of the insured.⁸⁶

Because of political gridlock, little progress has been made on the health insurance finance reforms foreseen in the Reform Agenda 2015–2018. Prior to the pandemic, the entity governments committed themselves to 'comprehensive' health reforms in the updated Joint Socio-Economic Reforms for the Period 2019–2022.⁸⁷ This reform agenda is intended to improve accessibility and

82 Obradović, N., 2019b.

83 Annex T3 of the Health Insurance and Reinsurance Fund of the Federation of Bosnia and Herzegovina, 2018. Cited from Obradović, N., 2019b.

84 Ibid.

85 Martić, M and O. Đukić, 2018.

86 Martić, M and O. Đukić, 2018 and Obradović, N., 2019b.

87 Bosnia and Herzegovina Economic Reform Programme for 2019–2021, January 2019, Sarajevo.

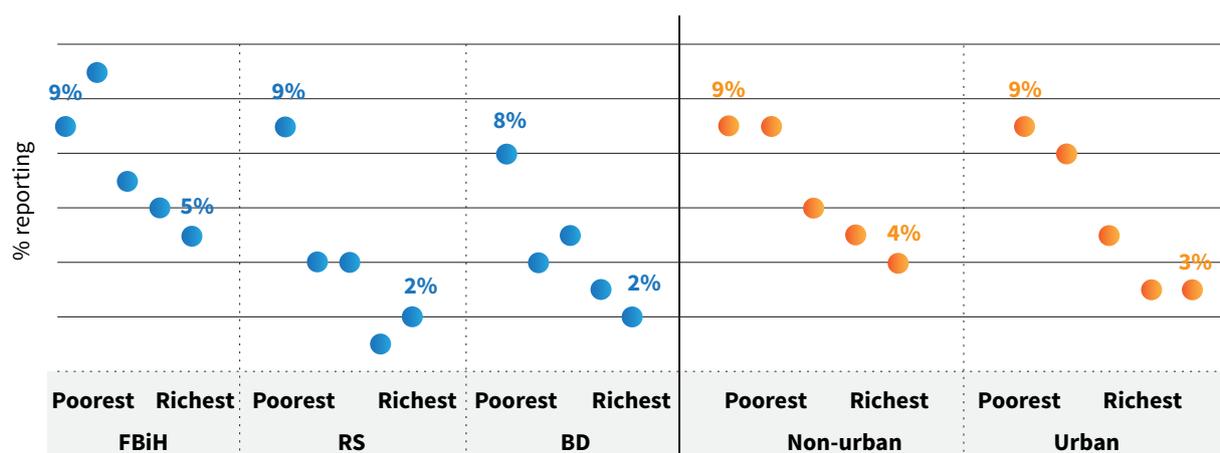
the quality, efficiency and sustainability and to ensure well-managed good quality and accessible public healthcare for all citizens, including marginalised groups, by strengthening preventive care and expanding the scope and depth of primary care.

Among other actions, the entities pledged to halt the growth of health sector arrears. In Republika Srpska the treasury system is being extended to all healthcare centres and hospitals. The Federation of Bosnia and Herzegovina is to start integrating its health sector into its treasury system, lower all social insurance contribution rates and work to alleviate the inequalities in insurance coverage and service provision in the cantons. Currently, the final legislation has not been negotiated and the COVID-19 emergency response programmes have superseded efforts to reform the systems.⁸⁸

2.3.7 Self-reported unmet health needs

The figures below illustrate the pattern of inequality of access to healthcare by breaking down the prevalence of unmet health needs according to household income at the entity and urban/non-urban level and the employment status of the head of household.⁸⁹ Figure 30 shows the differences in the proportion of those reporting unmet healthcare needs between the highest and lowest income quintiles and by urban compared to non-urban residents using data from the most recent nationally representative survey derived from a special module on health and social inclusion (HBS 2015).

Figure 30. EU social inclusion indicator on self-reported unmet healthcare needs (percentage)



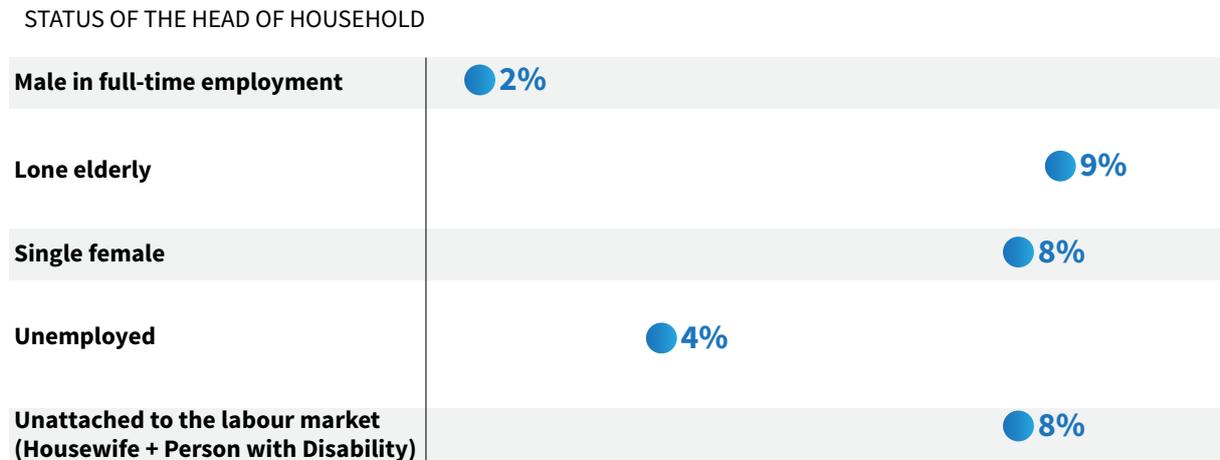
Source: Health and Social Inclusion Module: Questions B28-B29.HBS2015.BHAS. Own calculations.

The Figure 31 shows the differences in the proportion of reported unmet health needs for different types of households. Those households headed by a male in full-time employment were the least likely to report unmet healthcare needs (2 per cent), while those headed by an unemployed person were twice as likely to report unmet healthcare needs (4 per cent). The highest rates were those reported by households headed by a single elderly person at 9 per cent and households headed by a single female and those unattached to the labour market at slightly less than 8 per cent.

⁸⁸ Obradović, N., 2019c.

⁸⁹ According to Eurostat, a person's own assessment of whether he or she needs to be examined or treated for a specific type of healthcare problem and cases where a person did not receive or seek such assistance often relate to the following three factors: 'financial reasons', the 'waiting list' or because it was 'too far to travel'. Available from <https://ec.europa.eu/eurostat/web/products-datasets/-/tespm110>. Also see the report recently produced by the WHO Regional Office for Europe titled 'Can people afford to pay for healthcare?' (WHO EURO, 2019). Available from www.euro.who.int/en/publications/abstracts/can-people-afford-to-pay-for-health-care-new-evidence-on-financial-protection-in-europe-2019.

Figure 31. EU social inclusion indicator on self-reported unmet healthcare needs according to the status of the head of household (percentage) (SDG 3.8)

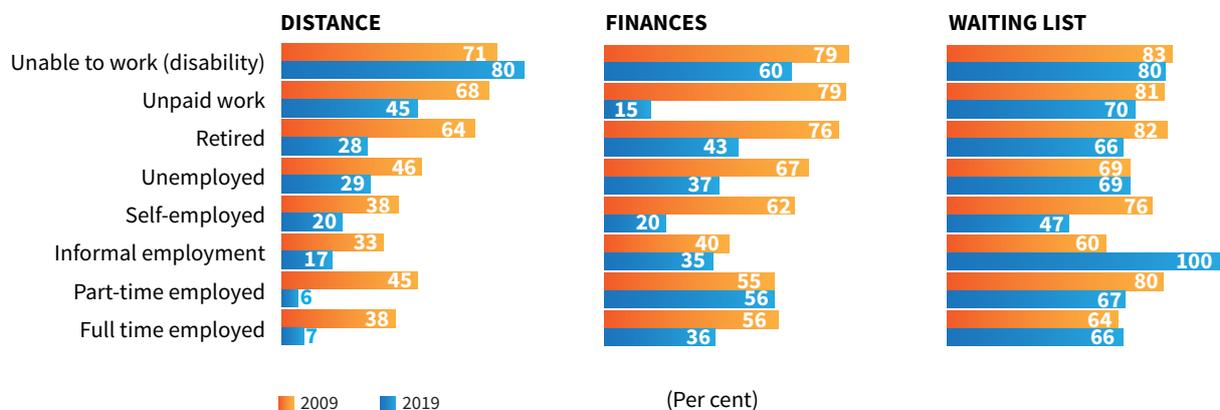


Source: HBS 2015, Special Module: Health and Social Inclusion. Questions B28, B29. BHAS. Own calculations.

The next three figures below were drawn from the municipal sample survey that will be described in Chapter 3.⁹⁰ The figures compare the responses given in 2009 and 2019 to questions asked of respondents about their ability to access necessary health services and if not why. The figures below show the responses according to employment and income status and place of residence. While the number of respondents reporting distance or finance as factors has declined over the past decade the number of those reporting unmet needs caused by waiting lists remained almost unchanged.

Here again, we find that the vast majority of those reporting unmet healthcare need tend to be individuals with insufficient income, those unable to work and the unemployed and/or uninsured. While the proportions varied across the seven sample communities the pattern did not.

Figure 32. EU social inclusion indicator on unmet healthcare needs according to employment status in 2009 and 2019 (SDG 3.8)



Source: NHDR 2009, NHDR 2019 surveys.

⁹⁰ The NHDR survey in 2009 covered a nationally representative sample size of 1,613, while the NHDR survey in 2019 incorporated seven municipalities with a total sample size of 333. As such, the NHDR 2019 survey serves as a guide for the next nationally representative survey.

The next figure shows the difference between 2009 and 2019 across people of different income levels. This suggests that while those with higher income report fewer difficulties with financing healthcare needs income levels have far less influence over unmet healthcare needs caused by waiting lists.

Figure 33. EU social inclusion indicator on unmet healthcare needs according to self-assessed income status in 2009 and 2019 (SDG 3.8)

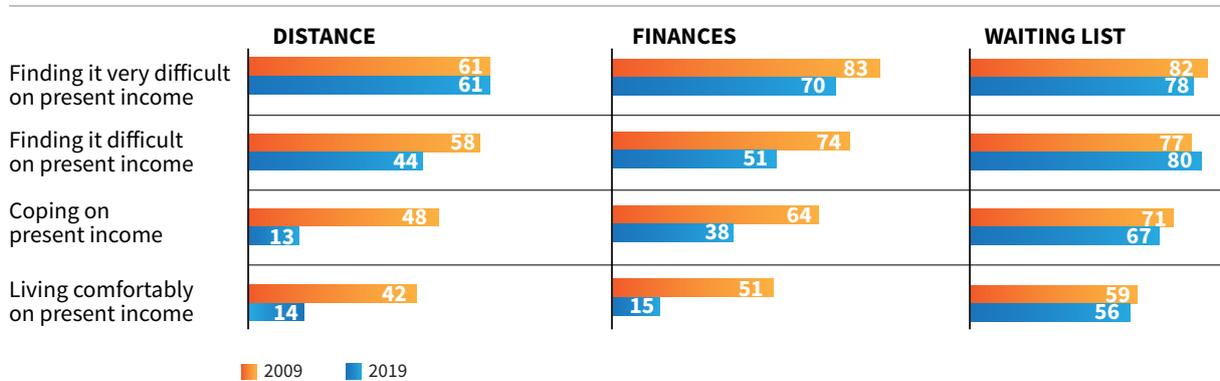
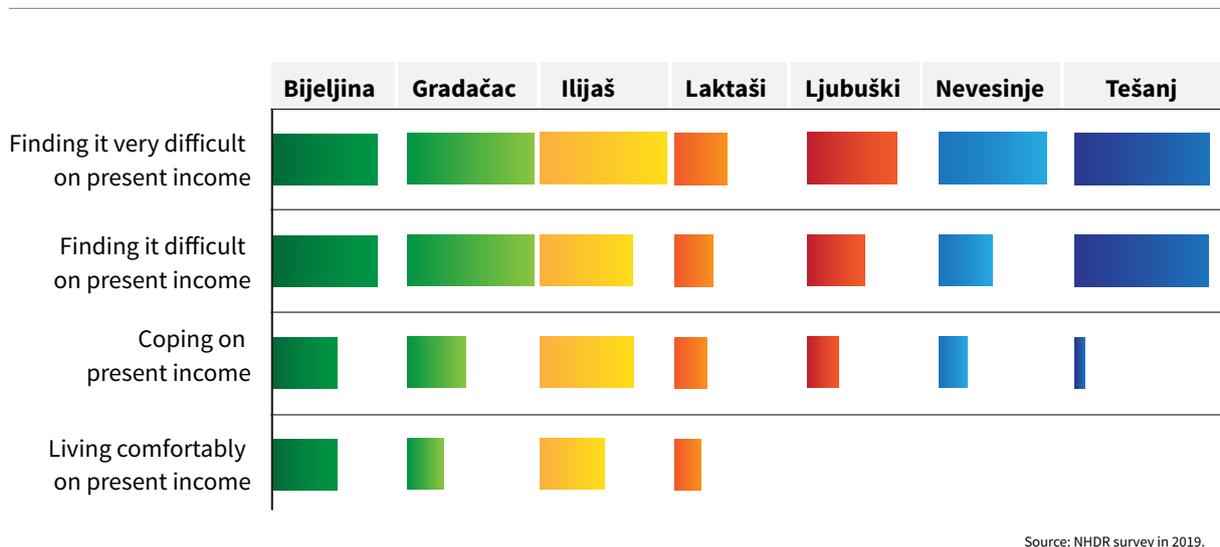


Figure 34 suggests that while the relationship between self-reported unmet healthcare needs in relation to self-reported income remained the same across all seven participating municipalities the level of need varied significantly across the municipalities in 2019.

Figure 34. EU social inclusion indicator on unmet healthcare needs according to self-assessed income status in 2019



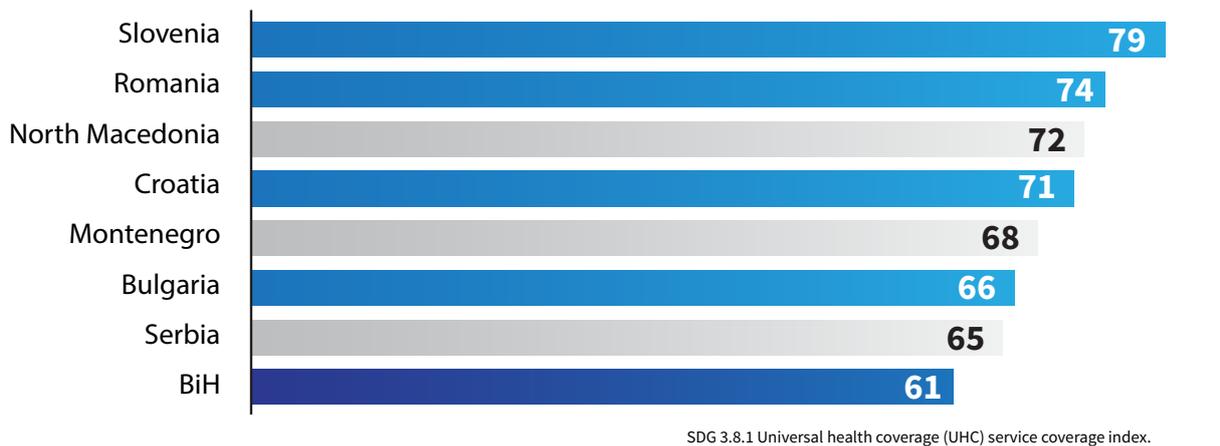
2.3.8 Indicators of access to healthcare (SDG Target 3.8)⁹¹

When we compare Bosnia and Herzegovina to the neighbouring countries we see a pattern of relatively higher costs and lower health outcomes. In Bosnia and Herzegovina the number of medical staff and hospital beds is low in comparison with its regional peers and reflects unequal distribution. The discussion earlier in this section on the way the health sector is structured and in particular financed may help to explain these patterns.

⁹¹ Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe effective quality and affordable essential medicines and vaccines for all. Available from <https://unstats.un.org/sdgs/metadata/?Text=&Goal=3&Target=3.8>.

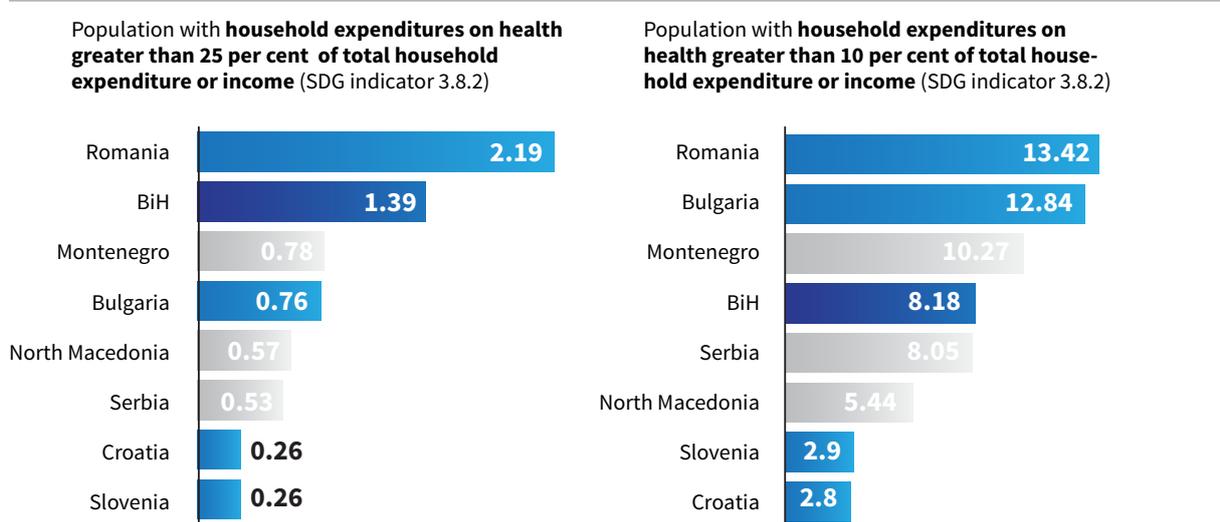
SDG Indicator 3.8.1 reflects coverage of essential health services. It is defined as the average coverage of essential services based on tracer interventions that include reproductive, maternal and newborn and child health, infectious diseases, non-communicable diseases and service capacity and access among the general and the most disadvantaged sections of the population. This reflects whether these health services are offered and functioning.

Figure 35. SDG Indicator 3.8.1: Coverage of essential health services



SDG Indicator 3.8.2 reflects catastrophic spending on health. It is defined as the proportion of a country's population with large household expenditure on health as a share of total household consumption or income.

Figure 36. SDG Indicator 3.8.2: Catastrophic spending on health

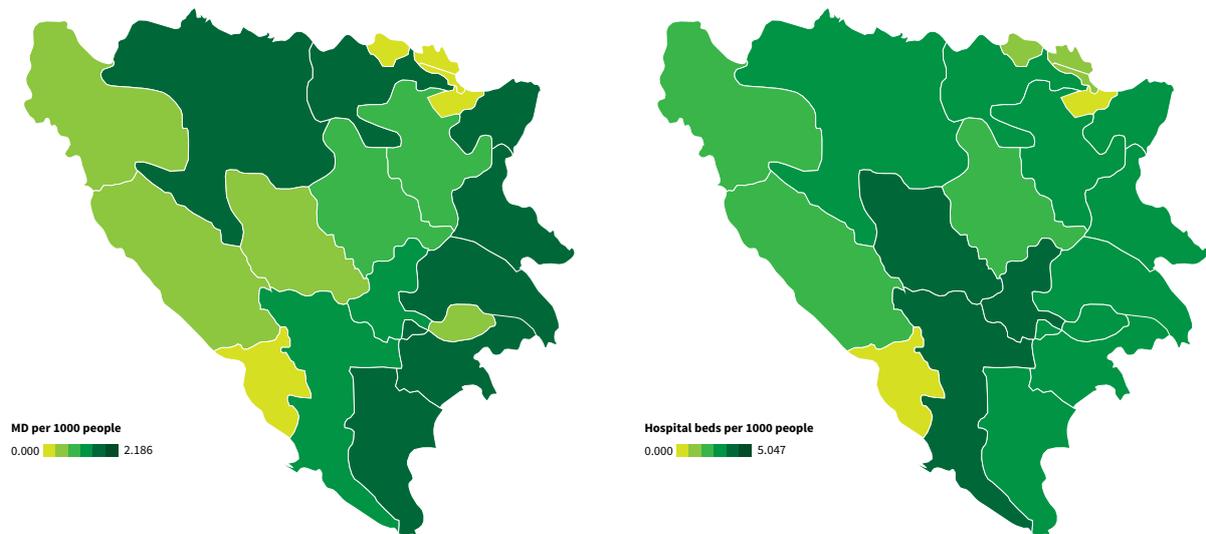


Source: WHO. Available from <https://apps.who.int/gho/data/view.main.UHCFINANCIALPROTECTION0lv?lang=en>.

2.3.9 Healthcare providers

The availability of and access to healthcare can be measured in financial terms or more directly through the distribution of doctors and hospital beds in relation to the distribution of the population. The following maps show the number of doctors and hospital beds per thousand people according to the last year for which data was available.

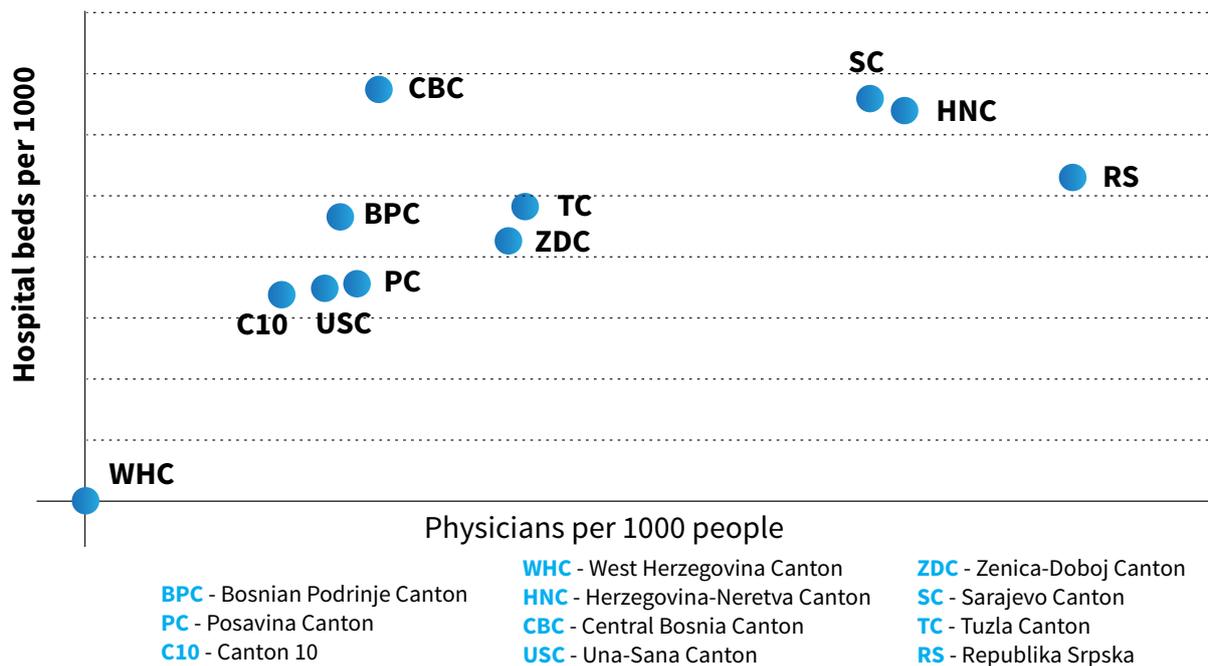
Figure 37. Physicians and hospital beds (per '000 people) in 2017 (SDG 3.c)



Source: The Federation of Bosnia and Herzegovina Statistical Year Book for 2018, tables 40-1 and 40-5. The Federal Office of Statistics for the entity of the Federation of Bosnia Herzegovina provided the mid-year population estimates. The Republika Srpska Statistical Year Book for 2019, tables 5.15 and 28.1. Estimates on the number of hospital beds derive from the Analysis of Population Health in Republika Srpska in 2017, table 4.1.

The map above shows that there are far more doctors or hospital beds in relation to the size of the population in some parts of the country than in others. The figure below highlights the differences in their availability between the cantons of the Federation of Bosnia and Herzegovina, with the largest number of doctors, in relation to the population in Republika Srpska.

Figure 38. Correlation between physicians and hospitals beds (per '000 people) in 2017



Source: The Federation of Bosnia and Herzegovina Statistical Year Book for 2018, tables 40-1 and 40-5. The Federal Office of Statistics for the entity of the Federation of Bosnia Herzegovina provided the mid-year population estimates. The Republika Srpska Statistical Year Book for 2019, tables 5.15 and 28.1. Estimates on the number of hospital beds derive from the Analysis of Population Health in Republika Srpska in 2017, table 4.1.

2.4 Social protection

2.4.1 The social and economic functions of social protection

As noted in the healthcare section above, Bosnia and Herzegovina inherited a system of social insurance (healthcare, old age pension insurance, unemployment and disability insurance and in Republika Srpska child protection) in which entitlement is linked to employment based on paid contributions.

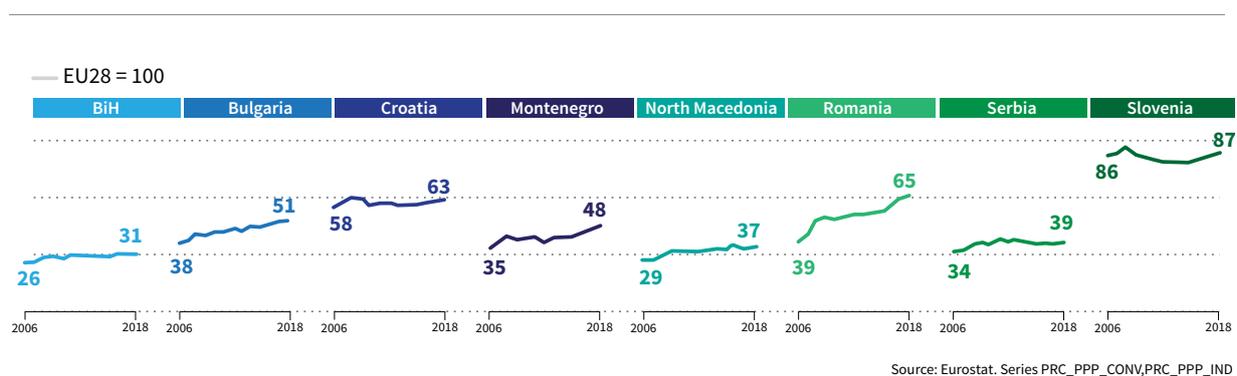
While the initial motivation for the creation of this system derives from Germany in 1889 under the administration of Otto von Bismarck and political competition with opposition socialist parties, social insurance came to be widely accepted as a means of ensuring social peace by reducing old-age, unemployment and disability related poverty. Such systems together with the post-war addition of social assistance were broadly implemented in the mid-20th century.

Mainstream economics subsequently dubbed these systems 'automatic stabilisers' in recognition of their effectiveness in reducing the impact of external or internal shocks to the economic system. By replacing workers' lost income, such social transfers sustained domestic demand and in so doing prevented a recession from becoming a deep depression. Unemployment insurance automatically replaces lost income as unemployment rises when there is a downturn in the economic cycle, but without the delays involved in making and implementing specific policies to counteract an economic crisis. These systems, designed to soften the impact of normal economic cycles, have

been supplemented by a variety of emergency measures in the face of the COVID-19 pandemic, the ultimate effects of which remain to be seen.

Bismarckian systems were already under pressure in many countries as a result of ageing populations. In Bosnia and Herzegovina this pressure was magnified by steadily rising emigration among working and childbearing age citizens, relatively low female labour force participation and a significant proportion of the labour force in informal employment and therefore not paying into the social insurance system.⁹² This was further exacerbated by pervasive under-reporting of earned income in the formal economy. Bosnia and Herzegovina also suffers from a particularly perverse reversal of the 'automatic stabiliser' effect, which deepened and extended the impact that the 2008–2009 global economic crisis had on the country.

Figure 39. Regional comparison pre and post the 2008 global financial crisis with real expenditure per capita in PPS (EU28=100)



When the vast majority of developed countries expanded their money supply in response to the external shocks caused by the recession, Bosnia and Herzegovina was unable to follow this course because of the Currency Board regime introduced under the Dayton Accord.⁹³ When the country's GDP growth fell from 5.4 per cent in 2008 to -3.0 per cent in 2009 the decline in revenue led to a fiscal deficit that under the Stand-by Arrangement with the IMF required both entities to reduce public expenditure, including a reduction in salaries and social transfers at all levels. During 2010, despite a moderate recovery in the GDP growth rate up to 0.9 per cent, overall social protection expenditure was reduced by a further 1 per cent because of increased unemployment and austerity measures. During 2011, both entity governments cut expenditure significantly to reduce their fiscal deficit.⁹⁴ The reduction in expenditure was evident in the cantons to a smaller extent.

As pointed out by the World Bank and illustrated in the figure below, the most important savings in the period 2008–2010 in the Federation of Bosnia and Herzegovina were achieved by reducing social assistance expenditure financed in some cases by local governments or cantons.⁹⁵ At the local government level in the Federation of Bosnia and Herzegovina, wage bills increased at the expense of social benefits whereas in Republika Srpska local government reduced the 'use of goods and services' in order to reduce the government deficit.⁹⁶

92 Estimates range from 15 per cent (Laudes et al., 2015) to a high of 30 per cent (Pašović and Efendić, 2018). Cited from Obradović, N., 2019b.

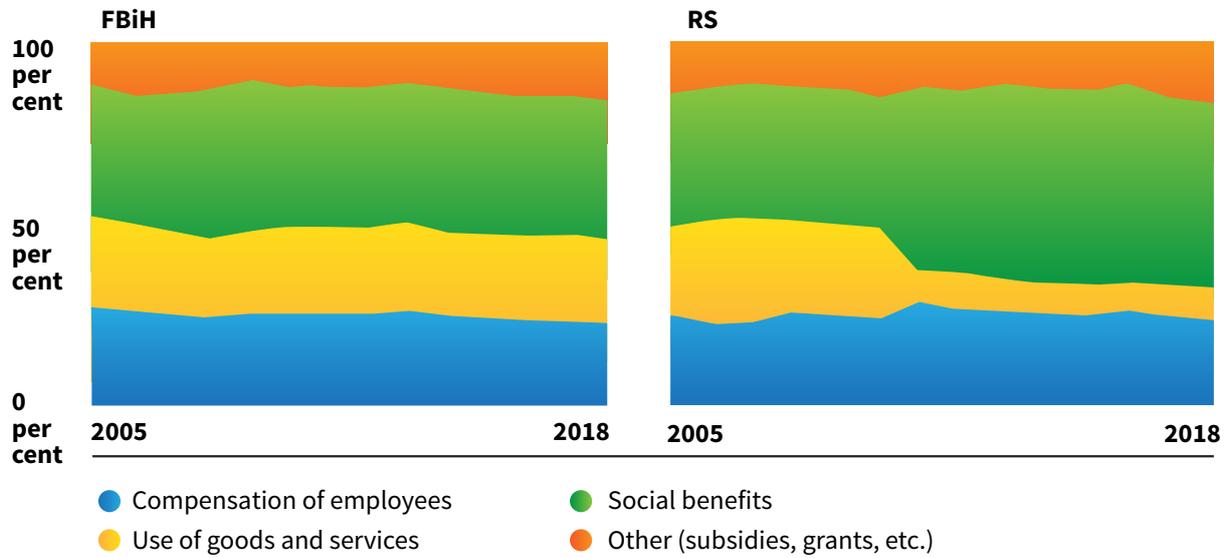
93 Article 7 of the Dayton Peace Accord, "There shall be a Central Bank of Bosnia and Herzegovina, which shall be the sole authority for issuing currency and for monetary policy throughout Bosnia and Herzegovina. 1. The Central Bank's responsibilities will be determined by the Parliamentary Assembly. For the first six years after the entry into force of this Constitution, however, it may not extend credit by creating money, operating in this respect as a currency board; thereafter, the Parliamentary Assembly may give it that authority." No such authority has since been granted.

94 Antić, D., 2013 cited from Obradović et al., 2019a.

95 World Bank, 2012.

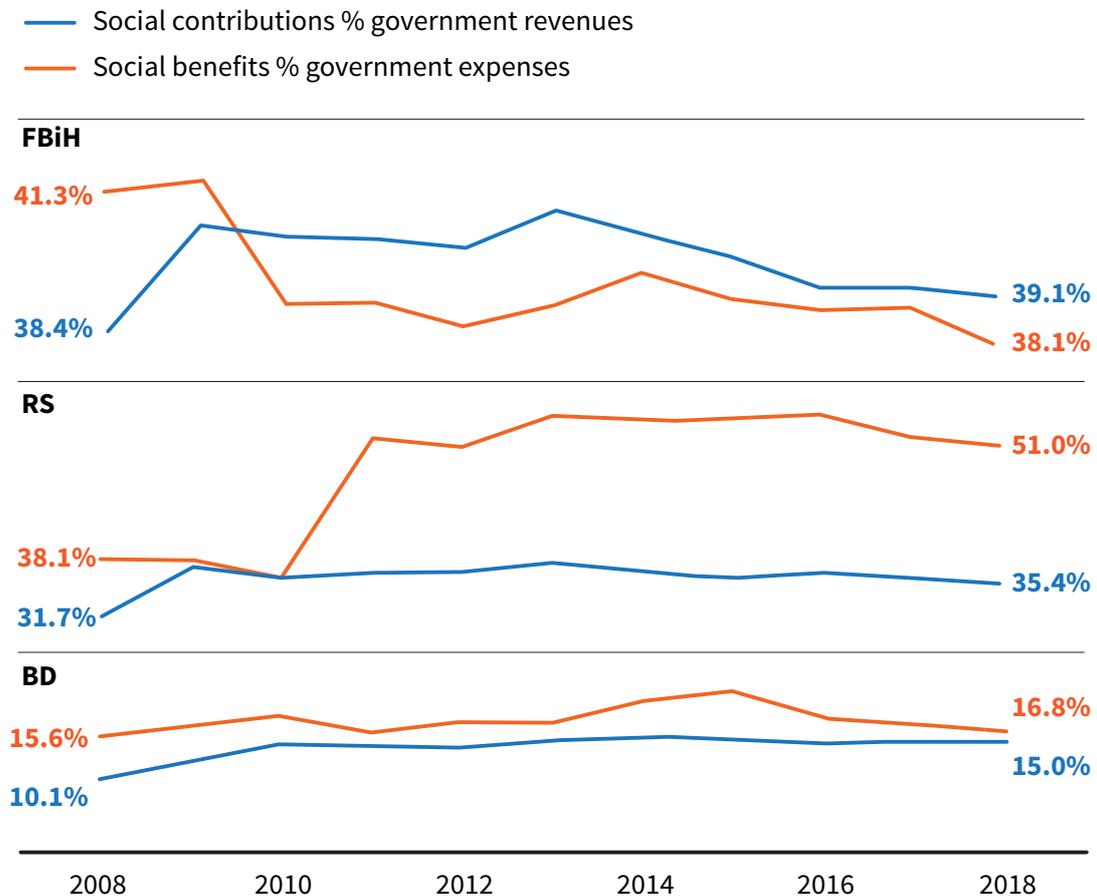
96 Ibid. Antić, D.

Figure 40. Composition of general government expenses 2005–2018 (SDG 10.4)



Source: Central Bank, Government Finance Statistics. Available from www.cbbh.ba/Content/Read/1133.

Figure 41. Social insurance contributions and social protection expenditure observed as a percentage of general government operations (2008–2018) (SDG 10.4)



Source: Central Bank, Government Finance Statistics. Available from www.cbbh.ba/Content/Read/1133.

Bosnia and Herzegovina's recovery from the 2008 financial crisis was slower and more protracted than those of the neighbouring countries of which most were able to apply more expansive policies in order to maintain domestic demand and avoid large scale layoffs and business closures.

Having learned from this experience, the response to the COVID-19 crisis by the World Bank, IMF and EU contributed dedicated funding to support emergency partial wage replacement for furloughed workers and to expand unemployment insurance funds and non-contributory social transfers to vulnerable households, the elderly and persons with disabilities. Thus far, however, participants in the informal economy are not entitled to these benefits.

2.4.2 Definitions and the structure of social protection in Bosnia and Herzegovina⁹⁷

The social protection systems are conventionally divided into contributory social security insurance and non-contributory social assistance schemes. Entitlement to social security benefits, either in cash or in services, is based on an established record of contributions and regulated by law, while entitlement to social assistance is based on demonstrated need as defined either by the law or the relevant regulations.

The social protection system in Bosnia and Herzegovina is comprised of a contributory social insurance system and a social non-contributory assistance system (See Annex 1 for the relevant statutes and budget sources). Social protection is the responsibility of the entity government in the Federation of Bosnia and Herzegovina and is further delegated to the cantons and municipalities, while in Republika Srpska it is shared with local self-government units. This results in a high degree of fragmentation.

In addition to health insurance, the social insurance system provides those persons who are insured and who pay regular contributions into the unemployment, disability and pension insurance funds for the defined minimum periods with pensions and unemployment or disability benefits to replace lost income.

Yet as noted in the health section above, there are significant gaps in insurance coverage. This is primarily a result of the estimated 25 per cent of the Bosnia and Herzegovina labour force in informal employment and who therefore do not pay contributions into the system.⁹⁸ Others can be formally employed but their employers may delay or fail to make payments to the insurance funds, leaving their employees without entitlement to benefit.

Social assistance is a non-contributory social safety net for the most needy. Social assistance schemes are designed to support people in need who are not covered by social insurance or not sufficiently well covered to meet certain minimum standards. Social assistance in Bosnia and Herzegovina includes family benefit, child benefit, veterans' benefit⁹⁹ and social care services that are paid either in cash or in kind, according to the eligibility criteria; however, this varies between the entities and across the cantons and municipalities in the Federation of Bosnia and Herzegovina. The high level of

⁹⁷ Eurostat website, "Social protection systems are designed to protect people against the risks associated with unemployment, parental responsibilities, sickness/healthcare and invalidism, the loss of a spouse or parent, old age and housing and social exclusion." Available from http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Social_protection_backgrounds.

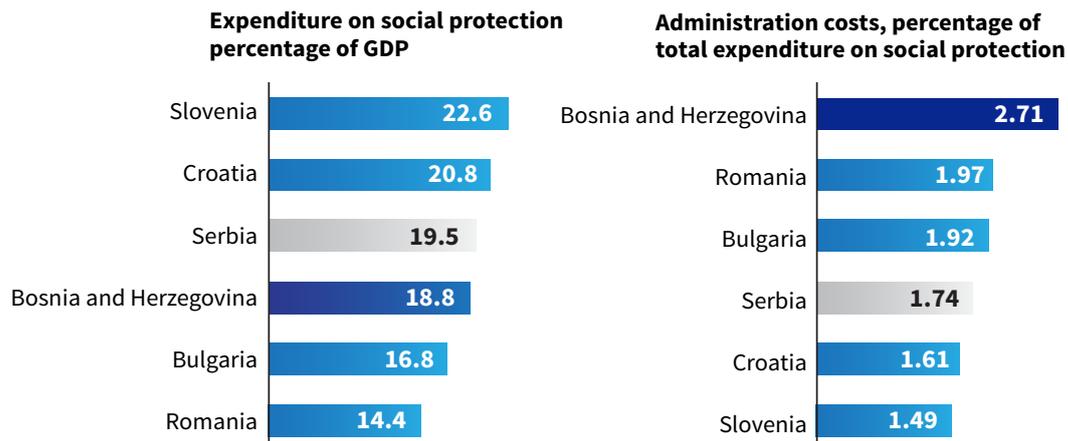
⁹⁸ Informal workers are those who do not have access to social insurance and do not have associated social security contributions. Labour Force Survey 2017. (Cited from a World Bank Project Information Document, 2 April 2020).

⁹⁹ Veterans' benefits, including pensions, disability and coverage of dependents, are properly regarded as a form of deferred compensation for military service and paid from the budgets of the ministries of veterans affairs in both entities, while social assistance, child benefit, social pensions and benefits for persons with disabilities, etc. are paid from the budgets of the Ministry of Labour, the Ministry of Welfare, the Solidarity Fund, and municipal and cantonal budgets (See Annex 1). As World Bank studies on social protection in Bosnia and Herzegovina define veterans' benefits as non-contributory social transfers and calculate them as part of the social assistance system, we adopted the dominant terminology in this section; however, we challenge its accuracy in further text.

fragmentation in the country has resulted in differences not only in eligibility criteria but in coverage, targeting, efficiency, availability and the level of benefits based on place of residence rather than level of need.¹⁰⁰

As shown in Figure 42 below, total social protection expenditure for all social insurance and social assistance programmes in Bosnia and Herzegovina fall in the mid-range level in relation to comparable countries in the region. Yet the highest proportion of social protection expenditure by far goes on administrative costs.

Figure 42. Social protection expenditure and administrative costs in 2017 (SDG 10.4)



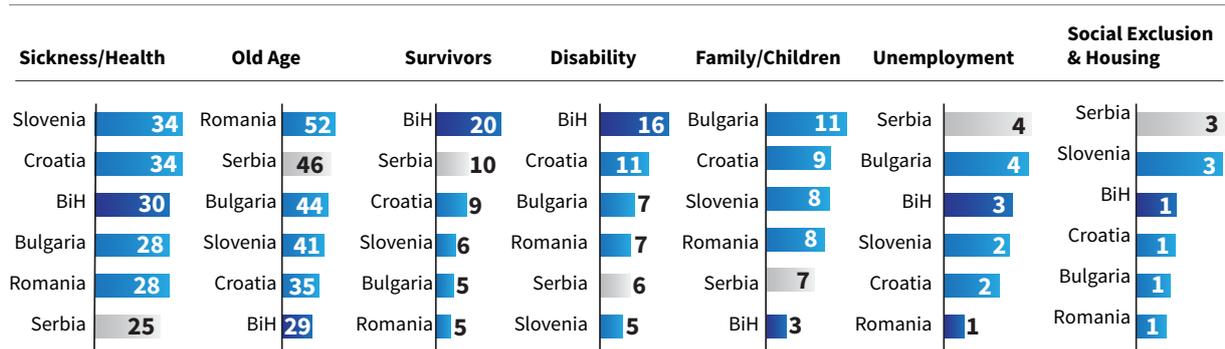
Source: Eurostat.[TPS00104]. Computed from SPR_EXP_SUM.

The distribution of social protection expenditure for the different functions of social insurance is also striking. While Bosnia and Herzegovina is in the mid-range among comparable regional countries when it comes to the proportion of social protection funds spent on the reimbursement of healthcare costs, unemployment benefit and social exclusion and housing benefit it also has the highest proportion of expenditure on survivors and disability benefits by a wide margin¹⁰¹ and again by a wide margin the very lowest proportion spent on family and child benefits. Numerous studies have pointed out the inadequacies of the social protection system in Bosnia and Herzegovina, which are considered in the discussion below in relation to the different parts of the system.

¹⁰⁰ For a comprehensive review of benefit variation see Papić, et al., *Non-contributory Cash Benefits for Social Protection in Bosnia and Herzegovina*, June 2013 and Gassmann, F., et al., *What Works and What Does Not*, Maastricht University, June 2013.

¹⁰¹ The benefit categories contained in Figure 42 are classified according to the ESPROSS methodology in which 'survivors' benefits represent family pensions of all types and 'disability' benefits represent all benefits paid to people with disabilities regardless of status. The disproportionate weight of disability benefits is largely due to misclassification of military survivor pensions and disability benefits as non-contributory social assistance transfers.

Figure 43. Distribution of social protection functions in 2017 (SDG 10.4)

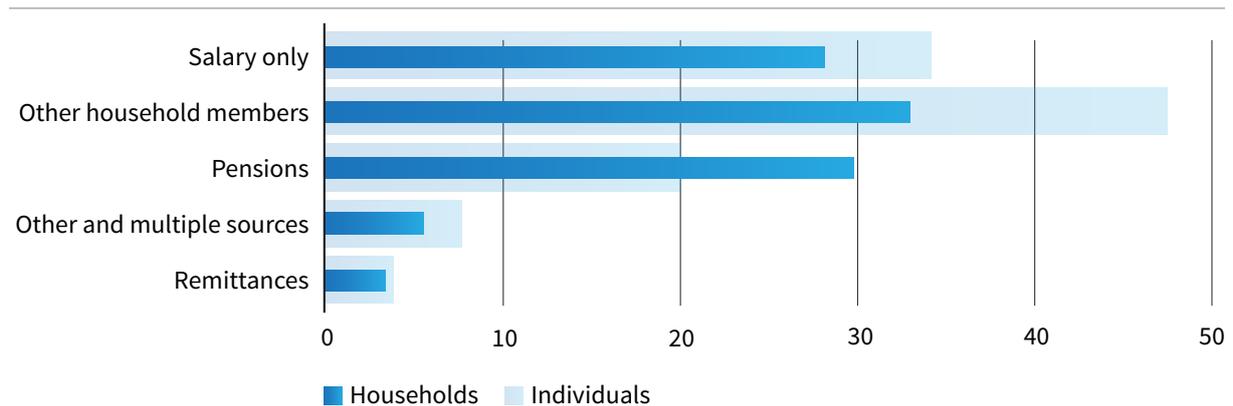


Source: Eurostat. Social benefits by function- percentage of total benefits [TPS00106]. Computed from SPR_EXP_SUM.

2.4.3 Pensions

Pensions are the most significant factor in the economic stability of families in Bosnia and Herzegovina. In 2019, pensions were the main source of income for nearly 30 per cent of household whereas earned income was the main source for less than 30 per cent of households in Bosnia and Herzegovina.

Figure 44. Main source of household income in 2019 (SDG 10.4)



Source: BHAS Labour Force Survey, 2019.

Pension amounts are calculated according to a pension base compound of income level and years of contributions for each beneficiary and vary accordingly. In the Federation of Bosnia and Herzegovina both men and women are entitled to an old age pension after 15 years of insurance contributions and 20 years of pensionable service at the age of 65 or after 40 years of pensionable service regardless of age. In Republika Srpska an insured person is entitled to an old age pension at the age of 65 after at least 15 years of contributions. Men are entitled to an old age pension at the age of 60 after 40 years of contributions, while women are entitled to an old age pension at the age of 58 after 35 years of pension contributions. Each additional year of contributions above the set minimum for the income replacement rate is increased by a set percentage to a maximum of 40 years of contributions.¹⁰²

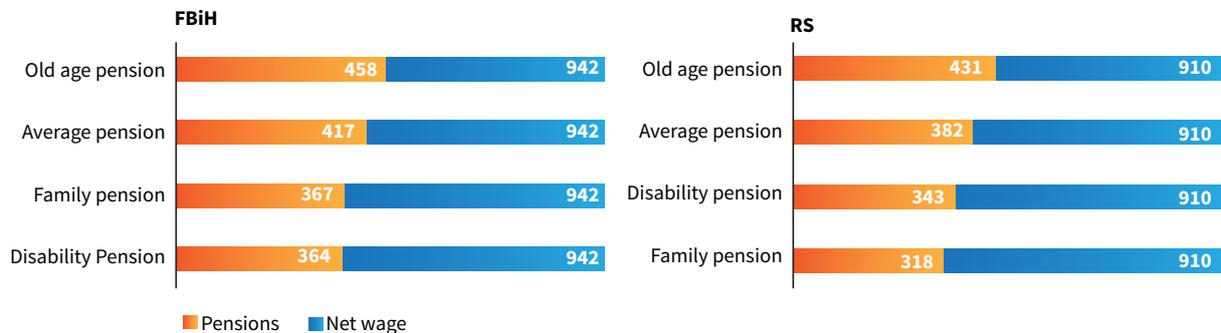
As shown in the figure 45, the average monthly pension was BAM 417 in the Federation of Bosnia and Herzegovina and BAM 382 in Republika Srpska and the replacement rate was 44.3 per cent of the average net wage in the Federation of Bosnia and Herzegovina and 41.9 per cent in Republika Srpska.¹⁰³ The old age pension replacement rates of 48.6 per cent in the Federation of Bosnia and Herzegovina and 47.4 per cent in Republika Srpska for the respective average wage were only slightly higher, reflecting the proportion of pensioners who have been unable to accumulate the 40

¹⁰² International Labour Organization 2009.

¹⁰³ The 2019 Bulletin of the Pension and Disability Fund of the Federation of Bosnia and Herzegovina and the 2019 Bulletin of the Pension and Disability Fund of Republika Srpska.

years of contributions required for 85 per cent to 100 per cent replacement of their income prior to retirement.¹⁰⁴

Figure 45. Wages and pensions (nominal in BAM) in October 2019



Source: (pensions) FBiH Pension and Disability Fund Bulletin October 2019, Republika Srpska Pension and Disability Fund Bulletin October 2019; (wages) the entity statistical institutes.

The following table shows different types of pensions as a percentage of average net wages in the entities, calculated using the payments reported above.

Table 1. Old age, disability and survivor pensions as a percentage of the average net wage in October 2019 (SDG 10.1)

	FBiH	RS
Average pension	44.3%	41.9%
Old age pension	48.6%	47.4%
Disability pension	38.7%	37.7%
Family pension	38.9%	34.9%

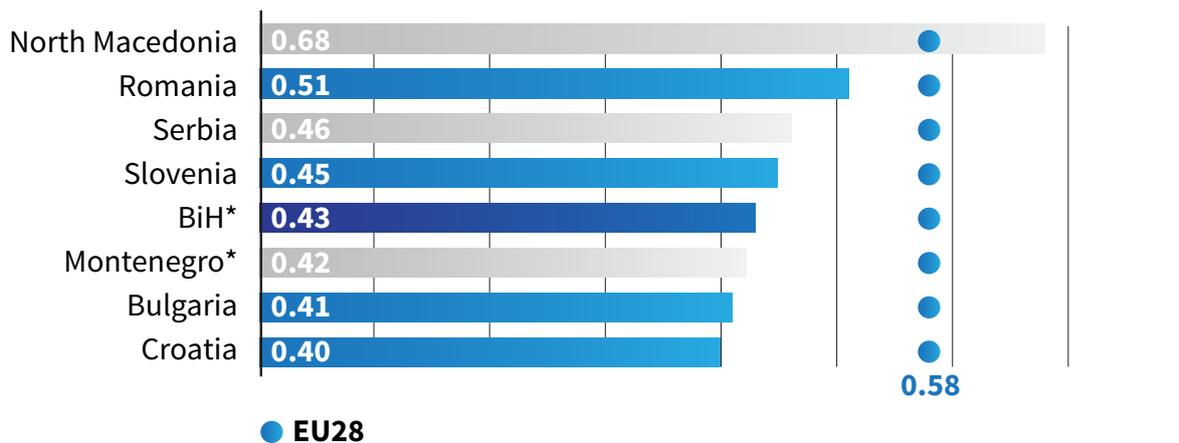
Source: The data on pensions came from the October 2019 Federation of Bosnia Bulletin and Herzegovina Pension and Disability Fund Bulletin and the October 2019 Pension and Disability Fund of Republika Srpska Bulletin. The data on wages came from the Federal Office of Statistics for the Entity of the Federation of Bosnia Herzegovina and the Republika Srpska Institute of Statistics.

The average replacement rates in Bosnia and Herzegovina are more or less in line with comparable countries in the region, but are more than 10 percentage points below the EU average.¹⁰⁵

¹⁰⁴ Calculation of the replacement rates for pension benefit could also be influenced by the minimum wage or other guarantees or other defined rights. Law on Pension and Disability Insurance ('Official Gazette of Republika Srpska', nos. 134/2011, 82/2013, 96/2013 and 103/2015). Law on Pension and Disability Insurance Federation of Bosnia and Herzegovina ('Official Gazette of the Federation of Bosnia and Herzegovina', nos. 13/2018 and 93/2019).

¹⁰⁵ Eurostat database, aggregate pension replacement rates. Available from <https://ec.europa.eu/eurostat/databrowser/view/tespn070/default/table?lang=en>.

Figure 46. Aggregate replacement ratio for pensions (excluding other social benefits)



Source: The statistical bulletins were used for Bosnia and Herzegovina, while for the other countries Eurostat EU-SILC survey [online code: ilc_pnp3] applies. *Data for Bosnia and Herzegovina for 2019 and data for the Republic of Montenegro for 2017.

Sickness benefit and disability and survivor pensions

There is no qualifying period of employment for sickness benefit, which is payable for a maximum total period of 12 months (consecutive or non-consecutive) every 2 calendar years. Upon the expiration of this period an assessment of the capacity to work is made by the body responsible for pension and disability insurance. A disability pension is assigned if the individual in question is found to be fully incapacitated. The calculation of the pension base for a disability pension depends on whether the disability is the result of an injury at work or an occupational disease or a non-work-related injury.¹⁰⁶ There is no waiting period for payment of the benefit and in the Federation of Bosnia and Herzegovina the employer is responsible for payment for the first 42 days and in Republika Srpska for up to 120 days.

The surviving spouse is entitled to a Survivor's benefit (family pension) if the spouse is over 50 years of age (women) or 60 years of age (men) or becomes incapable of working or is the parent of one or more child entitled to a survivor's benefit. The benefit is calculated as a percentage of the pension benefit of the deceased: 70 per cent for one dependent, 80 per cent for two dependents, 90 per cent for three dependents and 100 per cent for four or more dependents.¹⁰⁷

2.4.4 Unemployment insurance

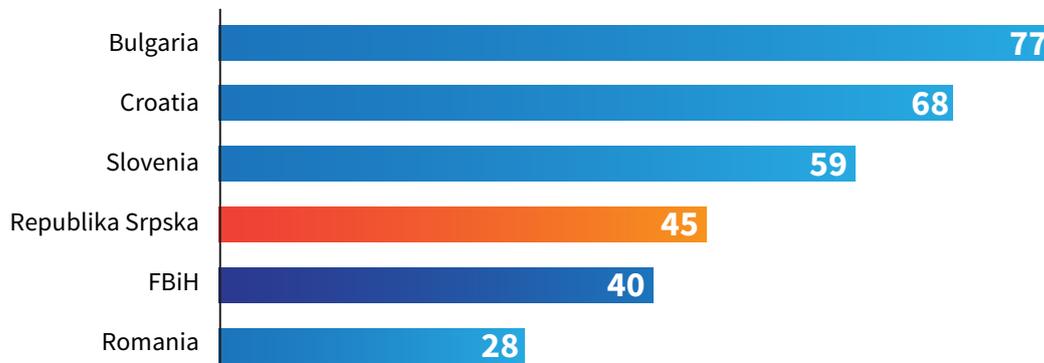
Unemployment benefit is set at a replacement rate of 40 per cent of the average net salary in the Federation of Bosnia and Herzegovina and from 40 per cent to 45 per cent of the average salary earned by beneficiaries in Republika Srpska. In comparison, the unemployment benefit replacement rate in the countries of the EU ranges between 60 per cent and 80 per cent. While employees and employers make regular contributions to the unemployment insurance funds, their effectiveness in ensuring income security and maintaining employability is questionable. In addition to the requirement of a minimum contribution period of eight months prior to the onset of unemployment, the length of eligibility for benefits depends on the length of employment. An employment period

¹⁰⁶ Disability pensions are based on a defined scale of degrees of disability where bodily damage amounts to BAM 135.90, the Law on Pension and Disability Insurance ('Official Gazette of Republika Srpska', nos. 134/2011, 82/2013, 96/2013 and 103/2015). Law on Pension and Disability Insurance Federation of Bosnia and Herzegovina ('Official Gazette of the Federation of Bosnia and Herzegovina', nos. 13/2018 and 93/2019). See Annex 1.

¹⁰⁷ International Labour Organization, 2016.

from eight months to 5 years, for example, entitles a beneficiary to three months of unemployment insurance benefit.

Figure 47. Replacement rates for unemployment in 2019



Source: EC - Economic and Financial Affairs - Tax and Benefits. The figures are for 2 months of unemployment for one earner couple with two children. Available from https://europa.eu/economy_finance/db_indicators/tab/#.

Box 10.

Eligibility for unemployment benefit

In the Federation of Bosnia and Herzegovina entitlement to unemployment benefit is conditional upon the person having paid contributions without any interruption over a minimum period of 8 months or with interruptions over a period of 8 months during the last 18 months. In Republika Srpska and in Brčko District entitlement to unemployment benefit is conditional upon the person having paid contributions without any interruption for a period of 8 months within the last 12 months or with interruptions over a period of 12 months within the last 18 months prior to becoming unemployed.

Unemployment benefits are limited

- 3 months for 8 months to 5 years of service
- 6 months for 5 to 10 years of service
- 9 months for 10 to 15 years of service
- 12 months for 15 to 25 years of service
- 15 months for 25 to 30 years of service

International Labour Organization, *The State of the Application of the Provisions for Social Security of the International Treaties Ratified by Bosnia and Herzegovina*, ILO, Geneva, 2016. Law on Mediation in Employment and Social Security of the Unemployed ('Official Gazette' nos. 41/01 and 22/2005).

In effect, unemployment benefit in the Federation of Bosnia and Herzegovina is not high enough to replace lost income and the period of eligibility is not long enough to bridge the gap over the time required to find another position. Because of the temporary nature of unemployment benefit very few of those registered as unemployed actually receive unemployment benefit. According to the Labour and Employment Agency of Bosnia and Herzegovina, only 2.8 per cent of the registered unemployed received unemployment benefit in November 2017.¹⁰⁸

108 Numanović, A., 2016b.

Despite its high level of structural unemployment, public expenditure on active labour market policies (ALMP) in Bosnia and Herzegovina is less than half of the EU average. The bulk of ALMP funds go on wage subsidies and the financing of administrative expenditure with only 2.45 per cent of the unemployed included in active employment measures and less than one-fifth of the total number of participants involved in programmes of continued education and training, which appear to be most successful in placing their clients.¹⁰⁹

2.4.5 Social assistance

Bosnia and Herzegovina spends slightly less than 19 per cent of GDP on social protection. After deducting administrative costs, 16 per cent is paid out in benefits of which three quarters goes to insured beneficiaries based on their record of payments into the system. Of the remaining amount, roughly 4 per cent of GDP, three quarters is spent on status based benefits for the veterans population and their dependents.¹¹⁰ In both entities veterans and their dependents benefits are paid by the respective ministry of veterans' affairs based on rank, length of service or degree of disability and funded through the entity budgets.

The laws on basic social welfare and the social welfare of civilian victims of war establish social benefits for every person who is unable to take care of herself or himself or who is without basic financial means and who does not have relatives able to provide care and support as well as individuals who suddenly find themselves in need because of forced migration, repatriation, death of the family breadwinner, illness, natural disaster or release from prison.

Non-contributory social assistance includes assistance to families with children, assistance to persons with non-war related disability, assistance to civilian war victims, assistance to persons without other means of support and one-off assistance. Social assistance benefits are funded through the cantonal and municipal general funds or the Ministry of Labour and Social Policy in the Federation of Bosnia and Herzegovina and by the Ministry of Health and Social Welfare or the municipal or entity budgets in Republika Srpska and are paid through the centres for social welfare¹¹¹ (see Annex 1).

Social assistance (known as 'Permanent Financial Allowance') is a cash benefit provided by the centres for social welfare to those with no other means of support. Other forms of assistance are one-off allowances and special allowances to cover essentials such as food, children's school clothing and care allowances, fuel, clothing and footwear.¹¹²

The actual expenditure on families with children and persons with non-war related disability as well as other vulnerable individuals in Bosnia and Herzegovina is between 1 per cent and 1.2 per cent of GDP, the lowest in the region. According to the most recent calculations of the World Bank, 16.8 per cent of the population receives some form of social transfer and the coverage of the poorest quintile remains low compared to countries of similar per capita income levels. Furthermore, only 1.9 per cent of the total population and 6.2 per cent of the poorest benefit from means tested permanent and/or one-off social assistance. This is a very low level of coverage when compared with other countries in Europe and the Central Asia region.¹¹³

109 Ibid.

110 World Bank, 2009, OECD 2012, IMF Laudes, et al., 2015, Numanović, A., 2016a and Obradović, N., 2019b.

111 World Bank, 2009. Since the implementation of a new Law on Social Protection in Republika Srpska, the government share has increased to approximately 25 per cent of expenditure. Available from <http://ekinst.org/wp-content/uploads/2014/04/Fin.-analiza-Zakona-o-soc.-zastiti.pdf>.

112 Bartlett, W., 2013.

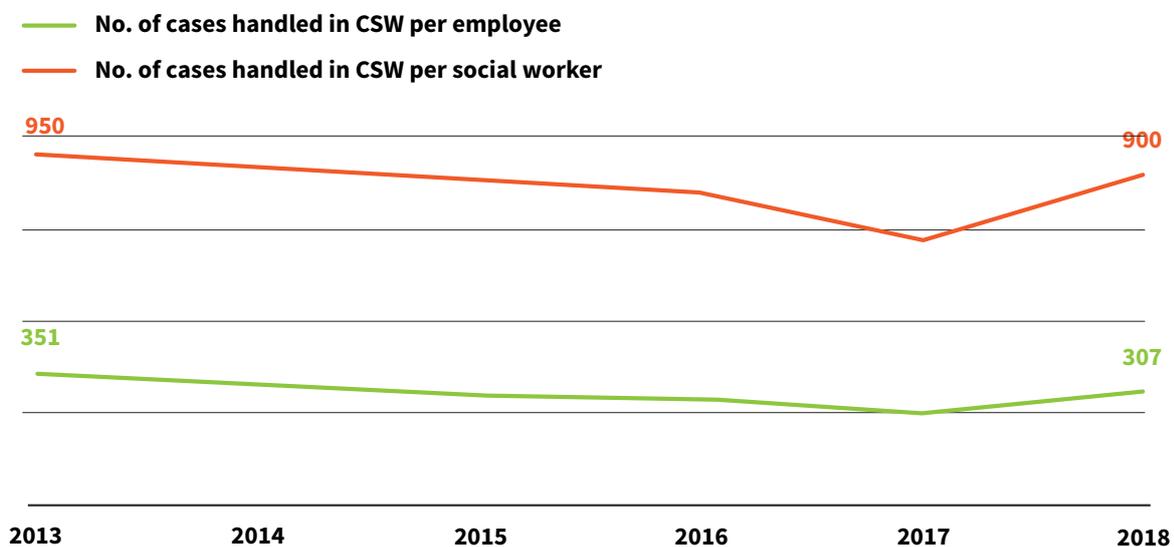
113 World Bank, Report No: PAD3856, 2 April 2020, p. 15.

In the Federation of Bosnia and Herzegovina, Sarajevo Canton has the Cantonal Centre for Social Welfare with eight cantonal social service centres. With the exception of the Bosnia Podrinje Canton, all other cantons have centres for social welfare that are established and funded by the municipalities. The responsibilities of the centres vary in accordance with the regulations of the given canton or municipality and the level of support provided by the Federal Ministry of Labour and Social Policy. In Republika Srpska, the centres for social welfare are established by the local self-government units and their responsibilities are defined and in some cases co-funded by the Ministry of Health and Social Welfare of Republika Srpska.¹¹⁴

Claims for social benefit are processed and the related social welfare services provided through the municipal centres for social welfare; however, actual funding levels as well as the services provided vary significantly across administrative units. There is widely documented chronic underfunding of the centres for social welfare as well as long delays in processing or the suspension of applications for support when local budgets are exhausted. This means that the staff does not have sufficient time to conduct family and client counselling sessions and lack funding for vehicles and fuel for home visits, which also prevents social workers from following up with parents of children who have dropped out of school or truants who fail to appear in response to letters of notification.¹¹⁵

The centres for social welfare track and report on the number of cases related to poverty or disability. On average, nearly half of all cases are related to the need to apply for health insurance, followed by adult clients who are unable to support themselves and a small fraction or roughly one-tenth relates to clients with mental or physical disability.¹¹⁶

Figure 48. The case load of the centres for social welfare (CSW) 2013–2018



Source: Social Welfare 2013–2018. BHAS Tables 1, 2 and 3.

While studies on social assistance in Bosnia and Herzegovina vary concerning the degree of inefficiency within the programming of social assistance benefits, there is universal agreement that coverage is highly uneven and that social transfers are insufficient for keeping recipients out of poverty.¹¹⁷ Permanent financial support to families and children varies from 10 per cent to 20 per cent of the average net salary in the Federation of Bosnia and Herzegovina. In Republika Srpska the

¹¹⁴ The Department of Social, Family and Child Protection within the Ministry of Health and Social Welfare of Republika Srpska, the Republika Srpska portal, the Department of Social Welfare and Protection of Families and Children within the Federal Ministry of Labour and Social Policy and the Federation of Bosnia and Herzegovina government portal.

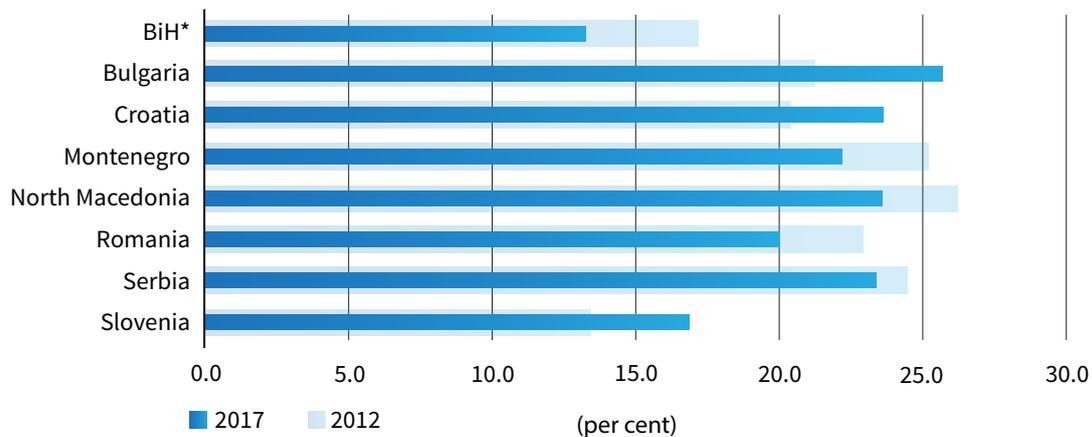
¹¹⁵ Zevčević, I., 2018 and Papić et al., 2013.

¹¹⁶ Ibid.

¹¹⁷ World Bank, 2009.

amount ranges from 15 per cent to 30 per cent of the average net salary, depending on the number of household members.¹¹⁸ As illustrated in the figure below, social transfers are insufficient to protect at least one-sixth of the population of Bosnia and Herzegovina from the risk of poverty.

Figure 49. Proportion of the population at risk of poverty after transfers in 2012 and 2017



Source: Eurostat (online data code: ilc_li02). Bosnia and Herzegovina (BiH)*: 2011 instead of 2012 and 2015 instead of 2017. Based on consumption expenditure.

There are many vulnerable members of the population who are not covered by social assistance because of the gaps in the legal and regulatory frameworks. People with mental illness who need the assistance of other persons do not have the status of persons with disabilities under the current Law, which excludes them from social assistance and is therefore in contravention of the Convention on the Rights of Persons with Disabilities to which Bosnia and Herzegovina is a signatory.

Budgetary complexity among the cantons and the lack of coordination between the healthcare system and the social assistance system also result in a lack of formal care provision in institutions. There are very few day care centres for persons with disabilities and, although foreseen in the laws, financial support to family members with full time responsibility for persons with disabilities is dependent on inadequate budget funding. Where care for persons with disabilities is available, institutional forms of social protection continue to dominate and this has an adverse effect on their development and social inclusion.¹¹⁹

Persons in institutional placement are particularly vulnerable to marginalisation and exclusion, especially children who require a varied social environment for their development.¹²⁰ In 2018, there were 965 children in social welfare institutions for children deprived of parental care, 2,776 persons in social welfare institutions for children with physical and mental disabilities, adolescents and adults and 207 in social welfare institutions for adults with disabilities as well as 6,284 in social welfare institutions for adult persons.¹²¹

Child allowance, which is paid at a flat rate, varies between the entities and between the cantons and municipalities of the Federation of Bosnia and Herzegovina ranging from nothing to 50 BAM per child per month. Child benefit is generally means tested against an income threshold that also varies between the entities, cantons and municipalities and increases in increments depending on

118 OSCE, 2012.

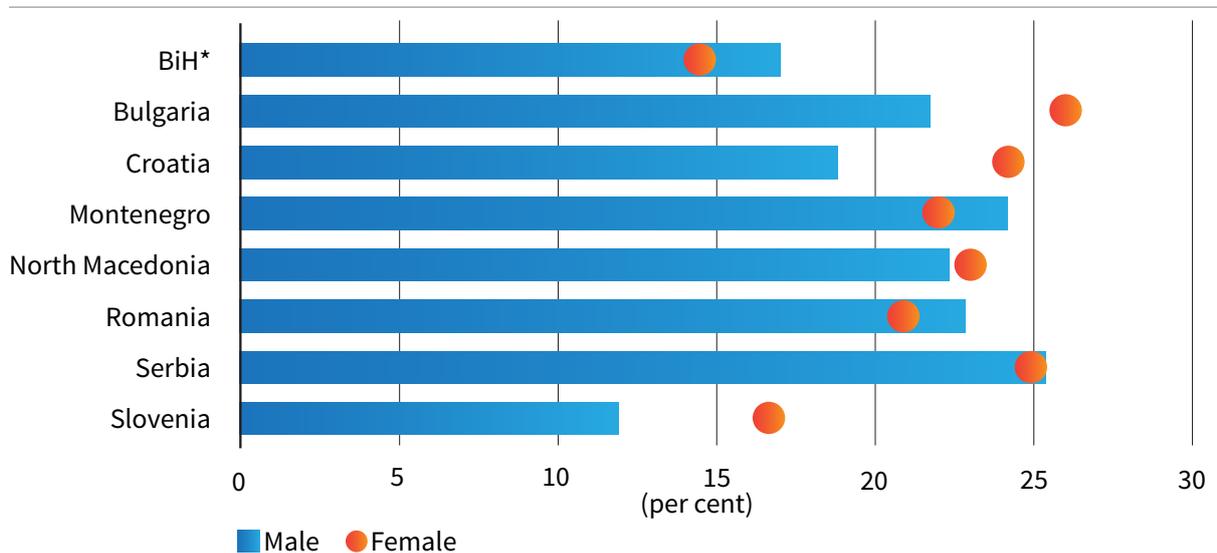
119 ERP, 2018–2020.

120 Recent public protests at the conditions for children in institutional care have drawn attention to the current unacceptable situation. The upcoming Universal Period Review for OHCHR will address this issue.

121 The Agency for Statistics of Bosnia and Herzegovina, Social Welfare 2013–2018, 2019.

the number of children, cases of child disability and other factors. Although child benefit does not appear to have a significant impact on poverty the low level of coverage can to some extent influence the different risk levels in relation to male and female household poverty.¹²²

Figure 50. The proportion of the population at risk of poverty after transfers by gender in 2017



Source: Eurostat (online data codes: ilc_li02, ilc_li09 and ilc_1101). Bosnia and Herzegovina (BiH)* 2015. Based on consumption expenditure.

2.4.6 The connection between social protection and inequality

The existing social assistance system creates inequality among its clients based on both their place of residence (territorial inequality) and the social category to which the user belongs (status-based inequality). The difference in the entitlements of clients with war-related and those with non-war related disabilities are the most significant. The maximum social benefit to which a person with a non-war related disability is entitled is around 20 per cent of the maximum benefit that a person with a war-related disability of the same level is entitled and is also lower than the benefits for civilian war veterans.¹²³

In addition to significant criteria-based differences between the entities, differently regulated social assistance systems among the cantons and municipalities in the Federation of Bosnia and Herzegovina affect the levels of funding and availability of social benefits and services. The amounts available for permanent financial assistance for families varies between the cantons but are insufficient to protect those who do receive them from the risk of poverty, while certain social services may be available in some places but do not exist in others.

Furthermore, the current legal framework imposes a loss of rights to social benefits or a reduction in the amount of benefits on those households that earn additional income if such earnings exceed the threshold for means tested benefit. Given that these beneficiaries usually comprise the socially excluded who often have a low level of qualifications and low employability prospects and the long-term unemployed who are unlikely to find better paid jobs, this restriction prohibits their inclusion in the formal labour market through part-time work and pushes them into informal unprotected temporary employment.

¹²² Ibid.

¹²³ Numanović, A., 2016a.

A similar effect occurs in relation to education where many households that lack adequate social support cannot ensure the necessary means and conditions for the schooling of family members. A lack of adequate institutional conditions for inclusive education, especially for persons with mental disabilities, or social housing for households in need of assistance and other vulnerable categories with unresolved housing status further limits the economic and social inclusion of these members of society in Bosnia and Herzegovina.¹²⁴

2.5 Labour market

The overwhelming majority of the population of Bosnia and Herzegovina, as elsewhere, supports itself using income earned in the labour market either through current active employment or through pensions or other insurance benefits for themselves and their dependents based on contributions paid during their previous employment. Benefits based on prior contributions to social insurance schemes constitute a major share of household income.

Market systems consist of the exchange of goods and services, the most basic of which is the exchange of individual labour power to produce market goods in return for the means to purchase those produced by others. Reproductive labour, which is work involving the reproduction of both workers and their ability to work, is essential to the functioning of market economies but is hardly visible in mainstream economic theories and economic analysis.¹²⁵

Reproductive labour or 'care work' is usually performed by women in the private sphere and is largely unpaid. When paid, this work is often performed by women less valued in the labour market in order to allow higher waged women to work or underpaid women to work in the public sphere. In Bosnia and Herzegovina, as in most other EU countries, although some forms of care work have been shifted to the public sector such work continues to be perceived mostly as an unpaid and deeply gendered obligation.

Economists view productive work exchanged in the labour market as the central relationship between economic actors. Much of the rest of society perceives meaningful work as essential not only for subsistence but also for achieving a sense of individual identity and value. Productive work, which involves interaction and cooperation with other members of society in the public sphere, serves both social and economic functions, connecting employment to both income and social inclusion. As capitalist market economies developed in the late nineteenth and the early twentieth centuries, labour markets gradually became more regulated and mechanisms were created to manage relations among workers, employers and the state authorities.

Bosnia and Herzegovina inherited the legal structures and regulatory systems typical of the 20th century social democratic industrial capitalist model, comprised of regulated labour markets supported by mandated public educations, social insurance and social welfare systems. Yet since the collapse of the market socialist model many of its social guarantees, including access to training and employment and social and cultural activities as well as other non-cash transfers and benefits that the system provided, have fallen away, leaving a less secure and less socially integrated and more fragmented society.

124 Ibid.

125 Among the many works of feminist economists, see, for example, the works of Nancy Folbre: *Who pays for the Kids? Gender and the structures of constraint* (1994); *Family Time: The social organization of care* (2004, with Bittman) and *Greed, Lust and Gender: A history of economic ideas* (2009).

The predominant policy view in Bosnia and Herzegovina today asserts that labour market activation is a primary objective and that employment is the key tool for promoting social inclusion both by securing income and by enabling social integration and participation in society. Labour market flexibility has been promoted as a requirement for facilitating labour market activation, despite evidence that increasing employment insecurity can have the opposite effect.

As Atkinson argued, "The link between employment and social inclusion is a complex one. Creating jobs can contribute to ending social exclusion, but success depends on the nature of these new jobs. Do they restore a sense of control? Do they provide an acceptable relative status? Do they offer prospects for the future? These are important questions."¹²⁶

Employment alone does not guarantee social inclusion. The quality of the job matters in terms of remuneration and security (long-term employment, training opportunities and career development as well as unemployment and other social insurance coverage). In the EU in 2015, 9.5 per cent of those in employment reported having insufficient earnings. In Bosnia and Herzegovina 24.5 per cent of those in employment were found to be at risk of poverty.¹²⁷ As noted above, in response to the COVID-19 pandemic, Bosnia and Herzegovina has put in place a series of measures to preserve the employment relationship of a wide range of workers and to replace lost labour income. These measures are temporary and therefore it remains to be seen whether they will prove sufficient and what others will be needed to facilitate recovery.

2.5.1 Labour market structure

Both entities have constitutional mandates over labour and social policy legislation, effectively creating two labour markets each with a relatively small labour force. In both of them, there is structural segmentation between the public and the private sectors. An International Monetary Fund report from 2015 points out that the size of the public sector in Bosnia and Herzegovina is one of the largest in the region, mostly owing to its complex governance structure.

"The privilege of access to public sector employment is controlled and guarded by political networks; conversely, in the private sector employment is precarious and legal protections are poorly enforced, blurring the line between formal and informal employment."¹²⁸

In addition to employment in the government administrations, there are business enterprises that are wholly or mainly government owned. A common feature of public sector jobs as well as those in government owned enterprises is that they are better paid, more secure and demand less overtime than private sector employment.¹²⁹ In addition to salaries, public sector employees and those employed by government owned companies enjoy benefits usually granted under collective agreements such as holiday allowance, meals allowance and compensation for transport costs, longer annual paid leave and salary compensation during maternity leave. These additional benefits are rare in private sector jobs, where legal employment rights are poorly enforced. Many employees in the private sector work under precarious conditions (long working hours, small and often delayed salaries and fear of job loss).

Informality: Despite the fact that informal employment is widespread it is difficult to obtain accurate information on this type of employment. Individuals working informally could be registered with the Public Employment Service office as unemployed in order to obtain subsidised health

126 Atkinson, A. B., 1998.

127 Obradović, et al., 2019a.

128 Weber, B., 2017 and S. Blagovčanin and B. Divjak, 2015. Cited from Obradović et al., 2019a.

129 Oruč, N and W. Bartlett, 2018.

insurance, which adds to the statistical confusion. As of January 2020, the unemployed in Republika Srpska are required to register with the Entity Public Health Fund for healthcare insurance coverage instead of with the Unemployment Bureau of Republika Srpska.¹³⁰ It remains to be seen whether the Federation of Bosnia and Herzegovina will introduce a similar policy as part of the health insurance reform currently underway.

Recent studies estimate that somewhere between 15 per cent and 30 per cent of the labour force is engaged in the informal economy.¹³¹ The highest incidence of informal employment is found among men and those with low educational attainment and skills in the agriculture sector. Those most likely to be informally employed are the oldest and youngest workers, i.e. those who are on the margins of the labour market either having just entered it or about to leave it.¹³²

The 2018 Labour Cost Survey (LCS) conducted by the Agency for Statistics of Bosnia and Herzegovina estimated the average monthly pay (including the gross wage, in-kind payments and other payments) in 2016. The majority of employees in the private sector (except those working in banking and financial services) were registered as working for the minimum salary.

A review of Republika Srpska tax authority data on registered income and salaries for 2014 found that some 55 per cent of persons who had reported their income to the authority had an average monthly income close to or below the minimum monthly wage or the minimum wage set by the entity.¹³³

Social insurance contribution rates are particularly high in the Federation of Bosnia and Herzegovina (41.5 per cent), which has additional employer contributions. Social insurance contributions in Republika Srpska amount to 32.8 per cent of the gross wage. It is believed that the high social security contribution rates also contribute to the high level of payment arrears to social insurance funds. The relevant data shows that employers in Bosnia and Herzegovina have not paid social contributions for around 100,000 formally employed workers.¹³⁴ The biggest debtors to the tax authorities are the state owned companies and some health institutions. This problem is found to a lesser extent in the private sector, because private employers are more inclined to avoid tax and social insurance contributions entirely by not registering their workers.¹³⁵ Furthermore, as noted above, many employees are registered at the minimum wage in order to receive minimum tax and contributions, with some employees receiving the difference in cash.

2.5.2 Labour market participation

Following a gradual decline over the past decade, the labour market participation rate in Bosnia and Herzegovina reached 54.2 per cent in 2018. Although by a small margin, it is now the lowest in the region.¹³⁶ The proportion of men has declined slightly but is comparable to that the other Western Balkan states. The low average participation rate is primarily the result of fewer women participating in the labour force.

130 Republika Srpska Unemployment Bureau. Available from www.zzzrs.net/index.php/vijest/obavjestenje_zajezaposlena_lica/.

131 Estimates range from 15 per cent (Laudes et al.) in 2015 to a high of 30 per cent (Pašović, E and A. Efendić) in 2018. Cited from Obradović, N., 2019b. The World Bank estimated 25 per cent (2 April 2002) based on the Labour Force Survey in 2017.

132 Oruč, N and W. Bartlett, 2018. Cited from Obradović, et al., 2019a. See Efendić et al., 2018.

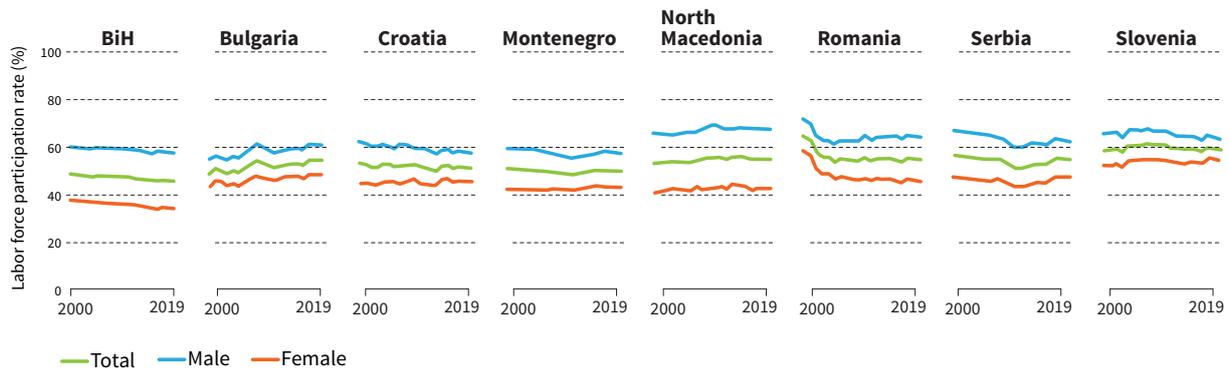
133 Đukić and Obradović, 2016. Cited from Obradović, et al., 2019a.

134 Bosnia and Herzegovina: Draft Employment Strategy 2017–2020.

135 Employers in the Federation of Bosnia and Herzegovina are required to pay 10.5 per cent in social insurance contributions in addition to the contributions deducted from their employees.

136 World Bank, 2019.

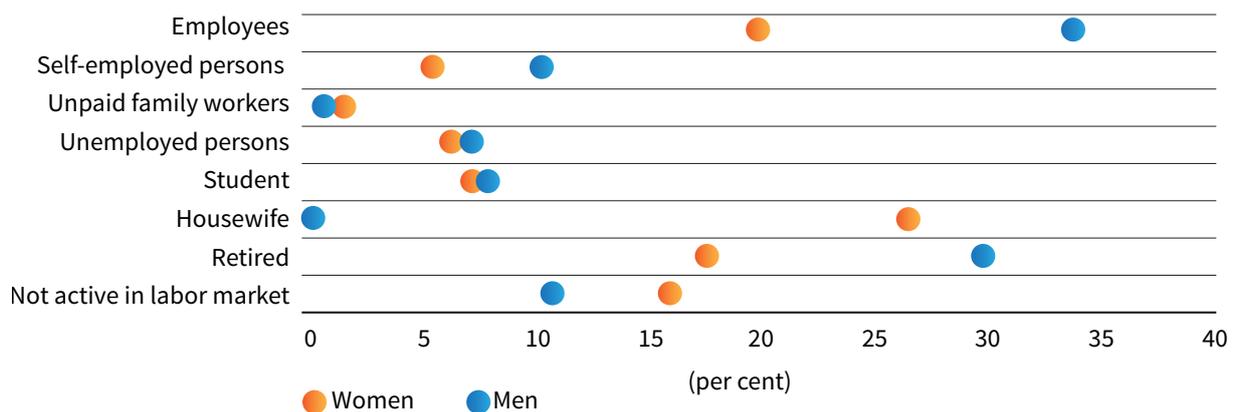
Figure 51. Labour force participation rate 15+ (percentage) 2000–2019



Source: WDI. Series: SL.TLF.CACT.ZS; SL.TLF.CACT.MA.ZS; SL.TLF.CACT.FE.ZS.

The chart below illustrates in more detail the differences between male and female labour force participation.

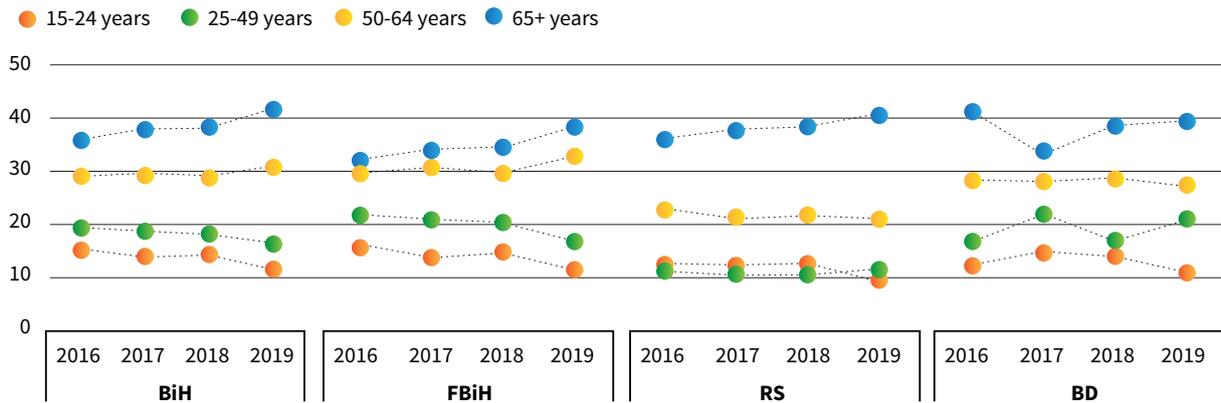
Figure 52. Economic activity in Bosnia and Herzegovina in 2019 according to gender (SDG 5.5)



Source: Demography and Social Statistics Bulletin. Labour Force Survey 2019. Preliminary data.
Table 3: Structure of working age population by activity, sex and entities. BHAS.

The structure of the population, the labour market and a number of other factors contribute to who is active in the labour force. One significant factor is age. Although there are variations between the entities, the figure below shows that people over the age of 65 make up the largest portion of the inactive population and that people between the ages of 50 and 64 are less likely to continue to work or seek work as they approach retirement age. In addition, a significant proportion of the age group 15-24 are secondary school or university students and thus not active in the labour market.

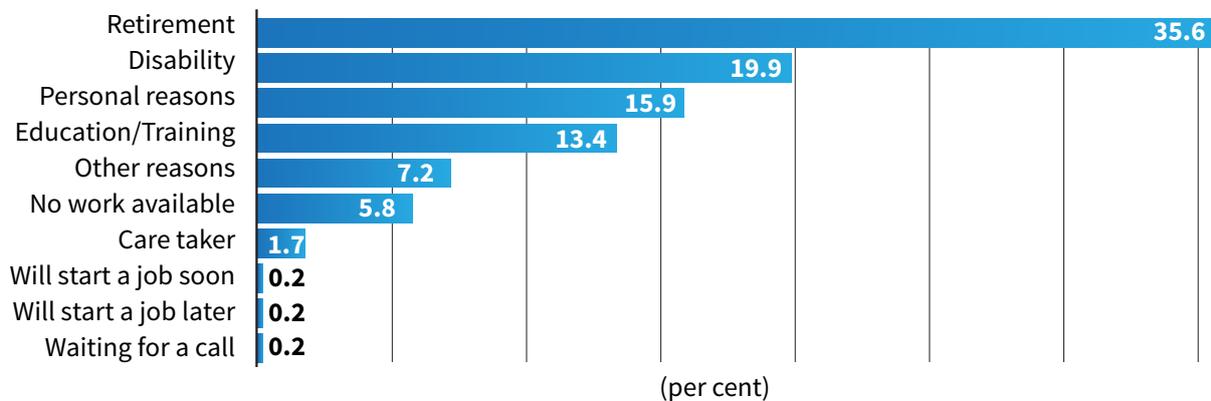
Figure 53. Labour inactivity according to age 2016–2019



Source: Demography and Social Statistics, Labour Force Survey 2018, BHAS 2019.

The responses to a 2019 Labour Force Survey question on why a person was not active in the labour market showed that nearly half of the inactive population was either retired (35.6 per cent) or in education or training (13.4 per cent) and that personal disability prevented a further 20 per cent from working.

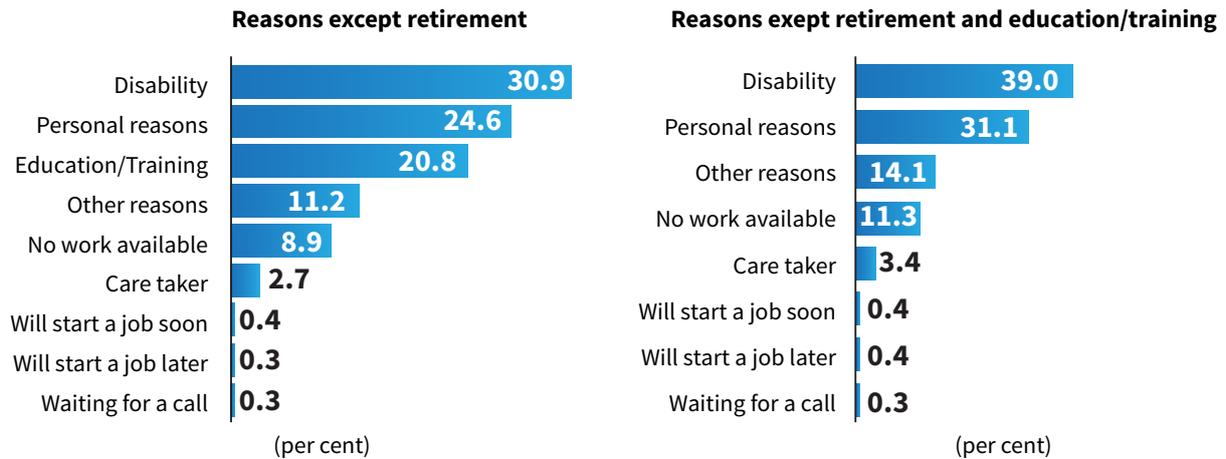
Figure 54. Reasons for not being active in the labour market in 2019



Source: LFS 2019. BHAS calculations.

Another approach is to look only at the working age population, excluding those over 65 or under 15. In this way we find that a little over half of the working age population was in either education or training or was not in the labour market for reasons of disability.

Figure 55. Detailed reasons for not being active in the labour market in 2019



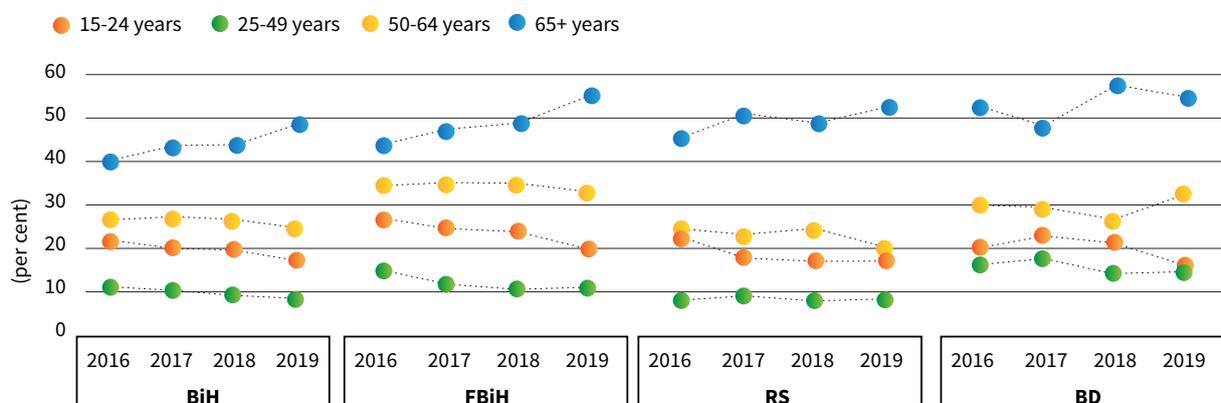
Source: LFS 2019. BHAS calculations.

Given that the high share of the 65+ age group of the population not active in the labour market and those who were in education and training were not considered as available for active participation, we then focused on the remaining half of the population of working age that should have been available to join the labour force. However, when we looked more closely at the reasons given for not being in the formal labour market we found that more than a third of this group were people with disability and this further reduced the available workforce.

Participation of women in the labour force

When comparing the different age groups according to gender in the two figures below, we found significantly different patterns of labour market participation for women and men. More specifically, women in the age group 15-24 were considerably less likely to be active in the labour market compared to men. Yet more striking is the further reduction in the participation of women in the labour force between the ages of 25 and 49. Women in the age group 50-64 were somewhat more active compared to men but were less likely to remain active after the age of 65.

Figure 56. Men not active in the labour market 2016–2019

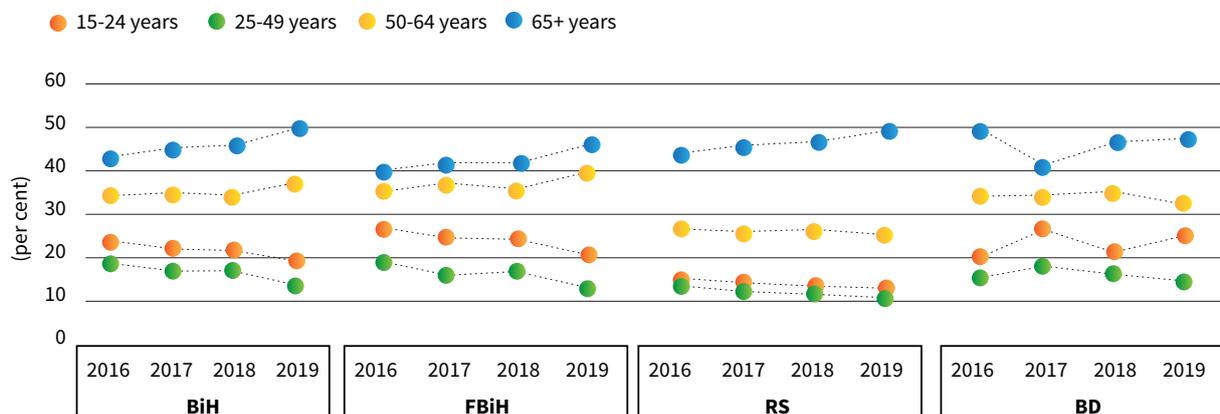


Source: Demography and Social Statistics, Labour Force Survey 2018, BHAS 2019.

While several factors contribute to the different rates of labour market participation for men and women, the most significant factors affecting women were as follows:

- lack of adequate childcare, care for the elderly and care for people with disabilities;
- the structure of family leave policies and the lack of flexible or part-time employment;
- internal migration or emigration among male workers.¹³⁷

Figure 57. Women not active in the labour market 2016–2019 (SDG 5.5)



Source: Demography and Social Statistics, Labour Force Survey 2018, BHAS 2019.

Lack of adequate childcare: Women between the ages of 20 and 45 are in their prime childbearing and child-raising years. Yet as noted in the education section, at most, only a quarter of children in Bosnia and Herzegovina between the ages of 0 and 5 attend nurseries or kindergartens. Places in public kindergartens are limited and cannot meet the demand and the majority of parents cannot afford private kindergartens.

Although 'recommended', at best, under half of all eligible children between the ages of 5 and 6 had attended pre-primary school. Where pre-primary school was available children attended for a maximum of three hours a day. This schedule is similar to the first two grades of primary school but this presents a significant barrier for working parents because a child must be escorted to and from the kindergarten or school and be cared for both before and after school hours. Private day care centres have opened in urban areas in recent years and are able to take children to and collect children from preschool education or primary school and care for them until their parents can collect them. However, government does not subsidise these centres and this represents an additional major cost for working parents.¹³⁸

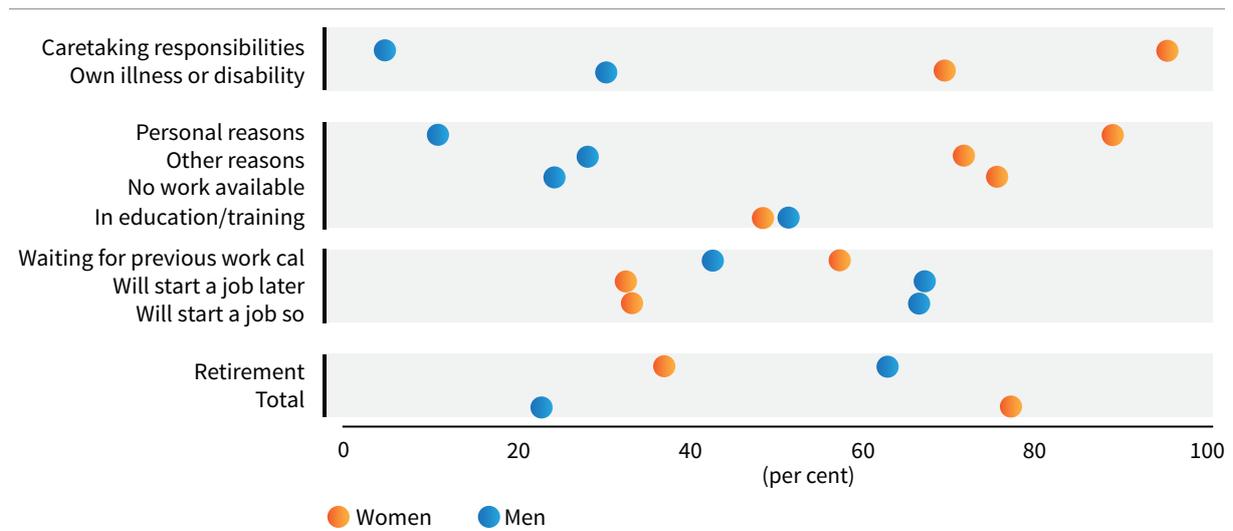
The structure of family leave policies: Flexible working arrangements or part-time work for parents are currently largely absent in the legislation in Bosnia and Herzegovina. Labour legislation in both entities mandates obligatory maternity leave. In the Federation of Bosnia and Herzegovina it is 42 days, while in Republika Srpska it is 60 days and grants parents the option of parental leave after this period expires up until the child turns one year old. This applies to either parent, but fathers rarely take this option. In the Federation of Bosnia and Herzegovina a parent can work part-time after their maternity leave expires during their child's first year (or the second year in the case of more children) and in both entities up until the child's third year in cases of children with special needs.¹³⁹

137 Atoyan, R and J. Rahman, 2017.

138 Obradović, N., et al., 2019.

139 Ibid.

Figure 58. Reasons for not being active in the labour market distributed according to gender (SDG 5.5)



Source: LFS 2019. BHAS calculations.

Reports also suggest that women face discrimination by private employers because of pregnancy and childcare responsibilities. Although the law explicitly prohibits this form of discrimination, women face the threat of dismissal if they do not return to work once the initial obligatory period of maternity leave has ended.¹⁴⁰ Moreover, compensation during maternity and parental leave is not provided on an equal basis throughout the country and is dependent on the type of employment sector.¹⁴¹

Women in Bosnia and Herzegovina also tend to be the primary providers of long-term care for relatives. This severely limits their career prospects and earning potential, since in many cases this takes the form of informal unpaid work. Although legislation in both entities provides for the allocation of benefits to those in need of long-term care such benefits are low, provided unevenly and are not necessarily spent on the provision of care but used to cover basic needs such as food or medicine.¹⁴² The current legislation does not include any specific provisions to ameliorate the status of informal carers neither as compensation nor in the form of the provision of services to reduce their workload.

Emigration of male workers: As shown in the initial figure in this section, significant labour emigration among adult workers produces remittances for roughly 5 per cent of households in Bosnia and Herzegovina.¹⁴³ While these remittances improve the financial situation of the primarily female-headed households left behind they also shift the full burden of the uncompensated household responsibilities of childcare and care for the elderly to the recipient.

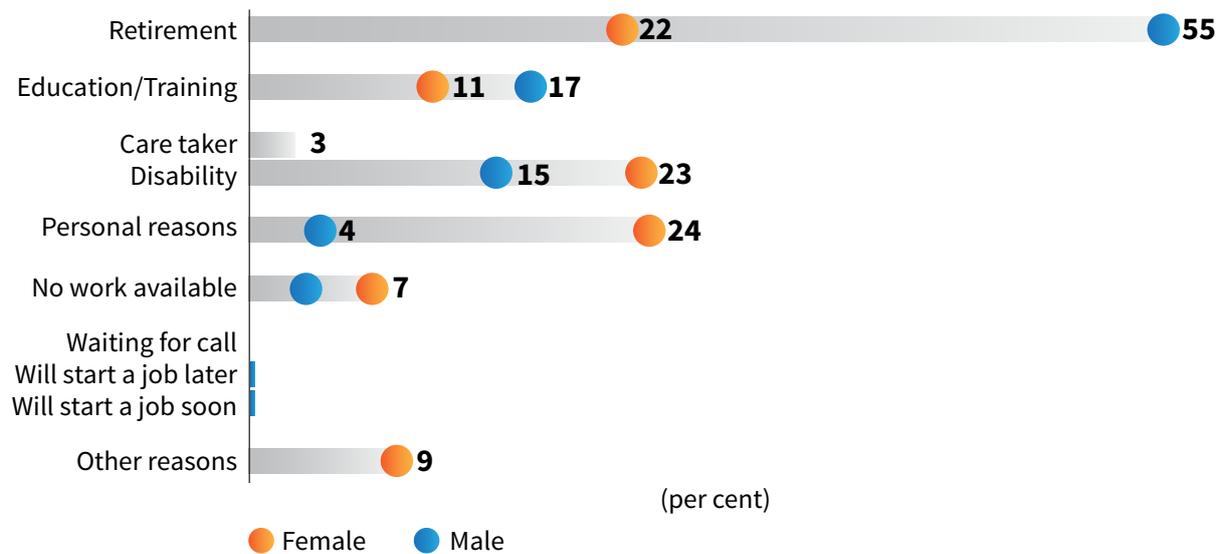
¹⁴⁰ According to the organisation Vaša prava (2015), women working in the private sector take a much shorter period of leave than those in the public sector because of the insecurity of their work status. Cited from Obradović, et al., 2019a.

¹⁴¹ Republika Srpska compensates for the full average salary received in the last 12 months by the employee. In the Federation of Bosnia and Herzegovina a certain percentage of the average salary earned by a woman or the average salary for the canton or entity serves as the benchmark for compensation (in line with the respective cantonal acts). In practice, this results in variations between the cantons whereby some provide less than two-thirds of the wage earned prior to taking maternity leave or an equivalent amount as recommended under number 183 of Article 6 of the International Labour Organization's Maternity Protection Convention of 2000 to which Bosnia and Herzegovina is a signatory. In some cantons the payment of such compensation involves significant delays. Labour legislation in the Federation of Bosnia and Herzegovina allows employers to co-finance parental leave up to the amount of an employee's full salary. This is usually afforded to parents that work in the public sector. Labour legislation in both entities provides for the parent of a child with developmental disabilities to work part-time. In Republika Srpska, parents receive compensation in such cases in line with their full time work with the difference in compensation covered by the entity, although generally this does not apply in the private sector.

¹⁴² Malkić, A and A. Numanović, 2016.

¹⁴³ Labour Force Survey 2017.

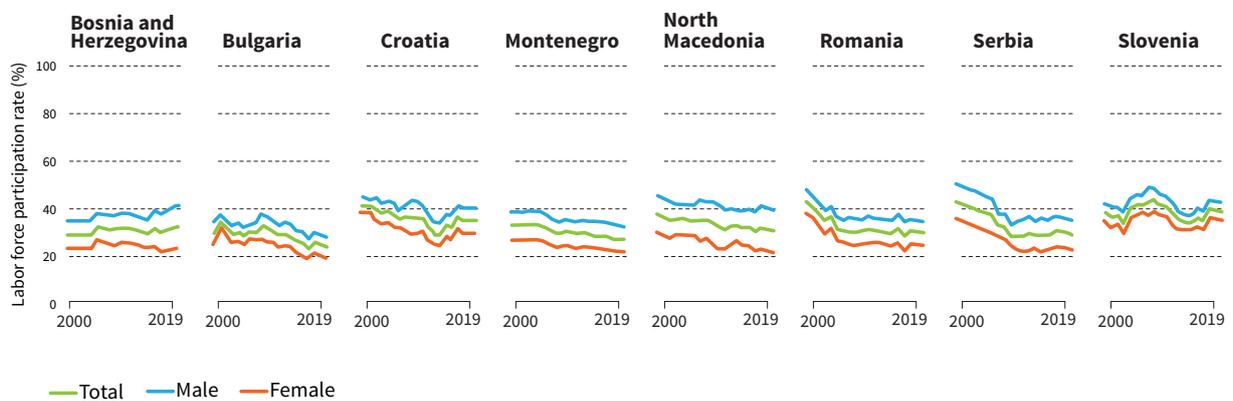
Figure 59. Reasons for not being active in the labour market for men and women (SDG 5.5)



Source: LFS 2019. BHAS calculations.

Youth in the labour force: The proportion of the age group 15-24 active in the labour market in Bosnia and Herzegovina is comparable to that of the other Western Balkan countries and shows a similar pattern and extent of the gap between the participation rates of men and women.

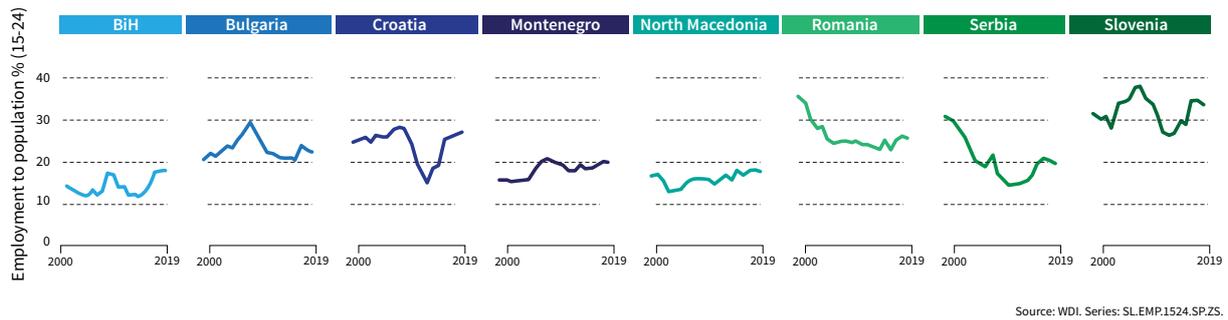
Figure 60. Labour force participation rate for the 15-24 population age group (percentage) 2000–2019



Source: MI. Series: SL.TL.FACTI.1524.ZS; SL.TL.FACTI.1524.MA.ZS; SL.TL.FACTI.1524.FE.ZS.

Where Bosnia and Herzegovina diverges sharply from its neighbours is in the proportion of the population age group 15-24 that is active in the labour force.

Figure 61. Employment among the 15-24 population age group (percentage) 2000–2019

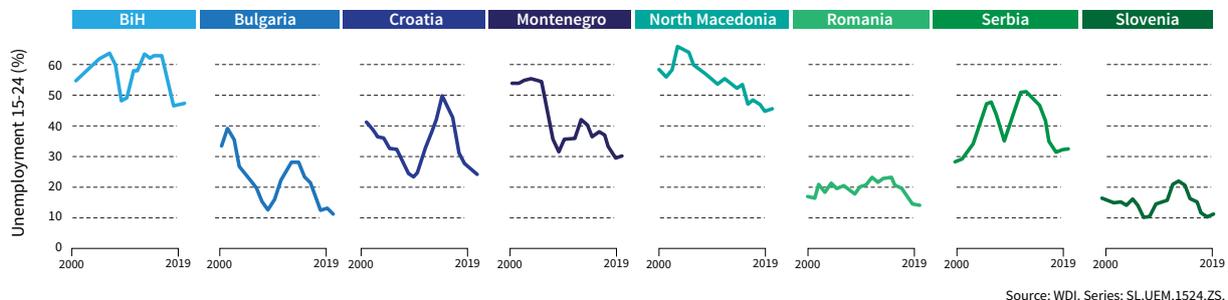


As shown in the figure below, the proportion of people aged between 15 and 24 who are in the labour market but not in employment in Bosnia and Herzegovina is the highest in the region (closely followed by North Macedonia). In studies of the labour market in Bosnia and Herzegovina there is consistent criticism echoing the complaints of employers about the mismatch between the education system and the needs of the labour market.

Less discussed is the near disappearance of the previously widespread apprenticeship programmes that recruited young workers into enterprise based training programmes. These arrangements placed primary school leavers aged 14 and 15 in a paid relationship with a specific company whereby they gained both practical work experience and theoretical instruction under the direction of skilled workers. Although some apprenticeship spaces in state owned enterprises have survived there has been a great reduction in the number of such programmes and they are now extremely rare in the private sector. Thus, the majority of primary school graduates enter a labour market that fails to address their needs in terms of training.

As described in the education section above, vocational/technical schools offering skills training are available but charge fees that represent a significant barrier to students from lower income families. School dropouts face even higher barriers because while they have the right to receive equivalent primary graduation training very few public institutions are available to them and even fewer in rural areas.

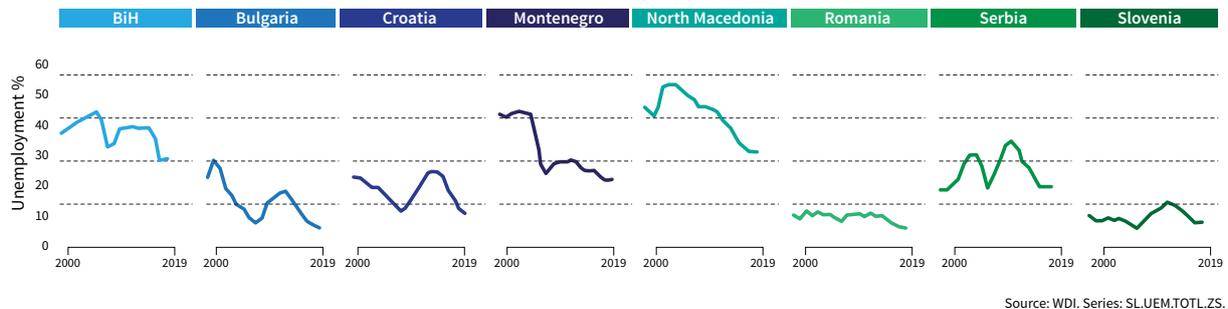
Figure 62. Unemployment among the 15-24 population age group (percentage) 2000–2019



2.5.3 Active labour market policies

Many years of active labour market policies implemented by the public employment services have done very little to generate new good quality employment or improve the employability of the labour force in Bosnia and Herzegovina.

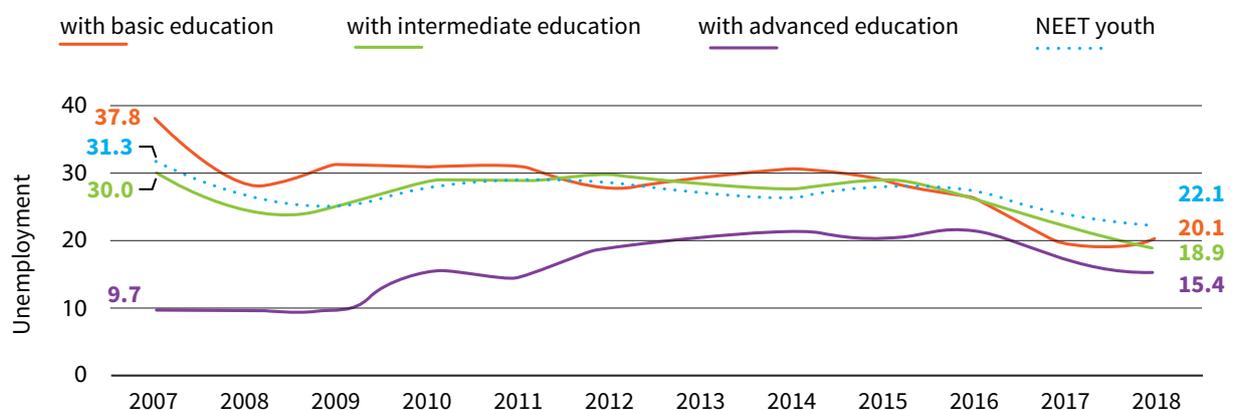
Figure 63. Unemployment among persons aged 15+ (percentage) 2000–2019



A very small share of active labour market policy funding was devoted to training programmes in 2015, estimated at 10 per cent compared to 71 per cent for employment subsidies and 15 per cent for self-employment/start-up measures. In addition, only 18 per cent of persons involved in active labour market policy schemes in 2015 participated in training measures as opposed to 62 per cent taking part in employment subsidies. According to Numanović, this was despite the fact that, "Bosnia and Herzegovina is facing structural and long-term unemployment, a severe mismatch between supply and demand for specific skills sought by the labour market as well as a lack of qualified labour force."¹⁴⁴

As illustrated in the figure below, secondary school graduates were almost as successful as those with tertiary education when it came to the labour market. Yet those persons not in employment, education or training (NEET) and those with only primary school education faced most difficulty in finding employment. Despite the scarcity of training programmes within the active labour market policy schemes those that do exist are usually incorporated into employment schemes, because this is considered an effective practice that improves the productivity and competitiveness of workers.

Figure 64. Unemployment in Bosnia and Herzegovina according to level of education 2000–2018

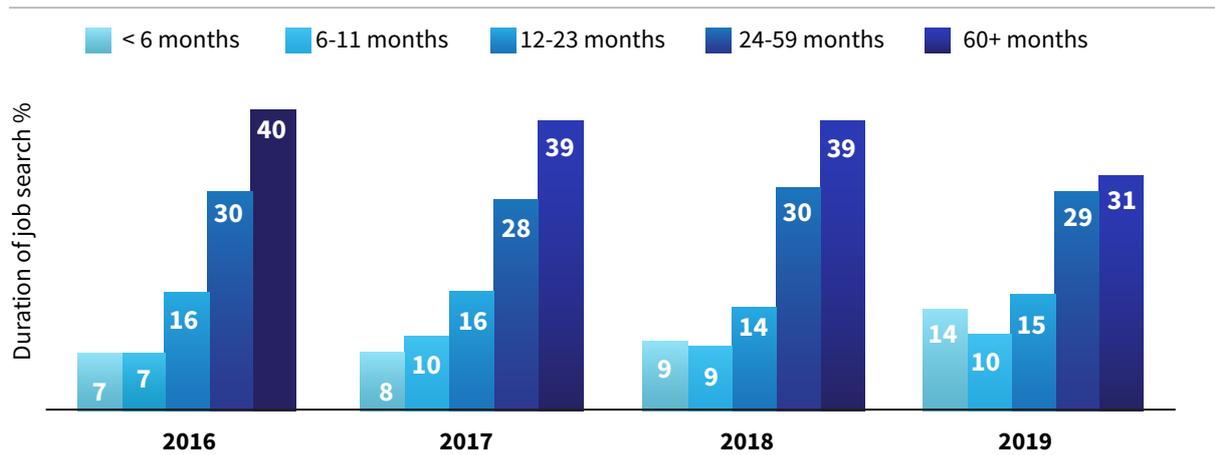


Source: WDI. Series: SL.UEM.BASC.ZS; SL.UEM.INTM.ZS; SL.UEM.ADVN.ZS; SL.UEM.NEET.ZS.

144 Numanović, A., 2016b. Numanović updated this estimate using data from 2017. "On-the-job training, accompanied by hiring subsidies, is usually considered as one of the most successful measures in the regional context. They have a positive impact on the beneficiary's employability in mid-to-long-term perspectives. However, less than 8 per cent of all active measures' funds are allocated to (re)training measures, compared to EU where training measures consist 30-40 per cent of ALMP spending." Available from <http://cpu.org.ba/blog/2019/active-labour-market-measures-in-bosnia-and-herzegovina-solving-instead-of-amortising-the-unemployment-issue/>.

The financing of active labour market policies in Bosnia and Herzegovina is low in comparison with other countries: 0.21 per cent of GDP compared to the EU28 average of 0.40 per cent of GDP. Aside from underfunding, these programmes suffer from poor coverage (an estimated 2.4 per cent of unemployed persons participated in such programmes in 2014) and weak targeting whereby the categories that have the weakest prospect of finding employment, such as persons with low levels of educational attainment and women, are not sufficiently included in such programmes.¹⁴⁵

Figure 65. Total duration of unemployment 2016–2019



Source: Demography and Social Statistics, Labour Force Survey 2018, BHAS 2019. Table 13: Unemployed persons by duration of unemployment and sex, BiH.

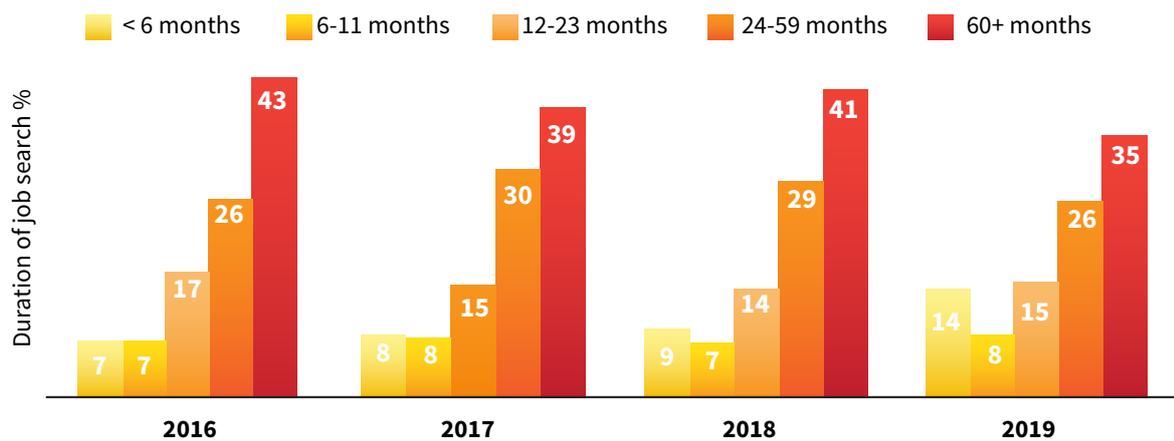
Figure 66. Length of unemployment among men 2016–2019



Source: Demography and Social Statistics, Labour Force Survey 2018, BHAS 2019. Table 13: Unemployed persons by duration of unemployment and sex, BiH.

¹⁴⁵ Ibid., pages 33-34 and 42-44. Available from <http://cpu.org.ba/blog/2019/active-labour-market-measures-in-bosnia-and-herzegovina-solving-instead-of-amortising-the-unemployment-issue/>.

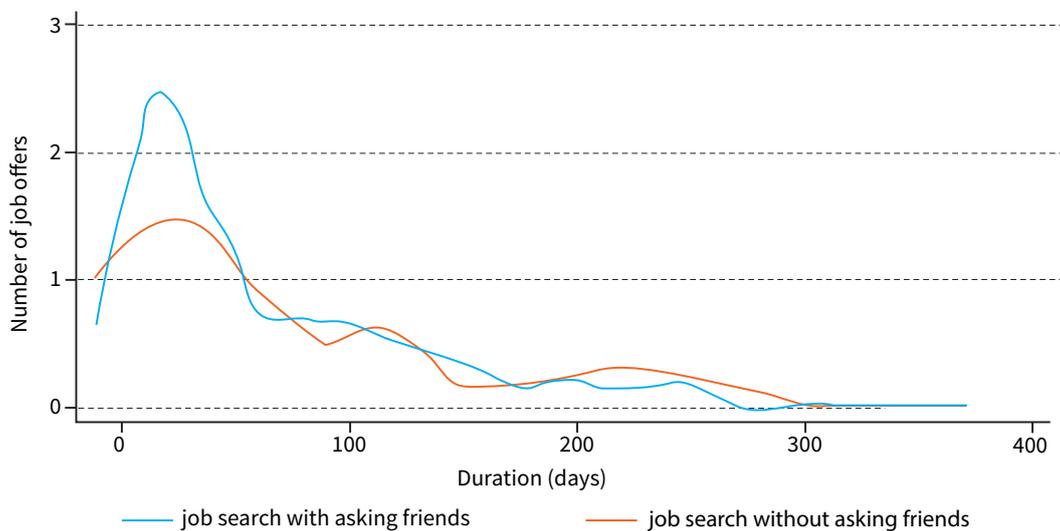
Figure 67. Length of unemployment among women 2016–2019



Source: Demography and Social Statistics, Labour Force Survey 2018, BHAS 2019. Table 13: Unemployed persons by duration of unemployment and sex, BiH.

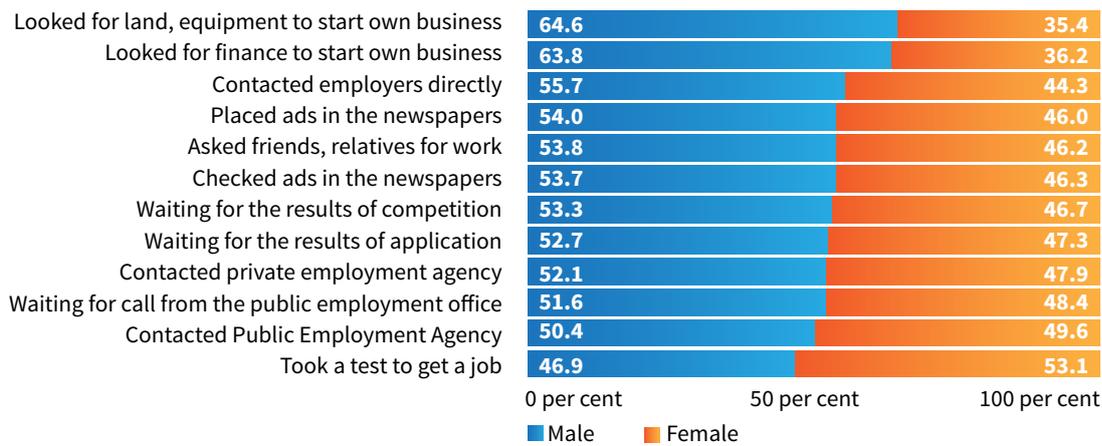
The data on the length of unemployment in Bosnia and Herzegovina shows that the majority of unemployed face a lengthy period as unemployed before finding another job. Yet this could also be a reflection of individuals registering for unemployment benefit in order to qualify for health insurance (see the health section above) and an indication of the failure of the active labour market policy system to return clients to active employment before they begin to lose their job skills. The figures below show that individuals who relied on their networks of personal contacts were far more successful in finding new employment in the first few months after losing a job than those who relied on active labour market policy programmes. However, it also shows that both strategies converge as job skills deteriorate.

Figure 68. The duration of job search with and without a network in 2019



Source: Labour Force Survey, 2017. BHAS. Own calculations.

Figure 69. Ways to find employment in 2019



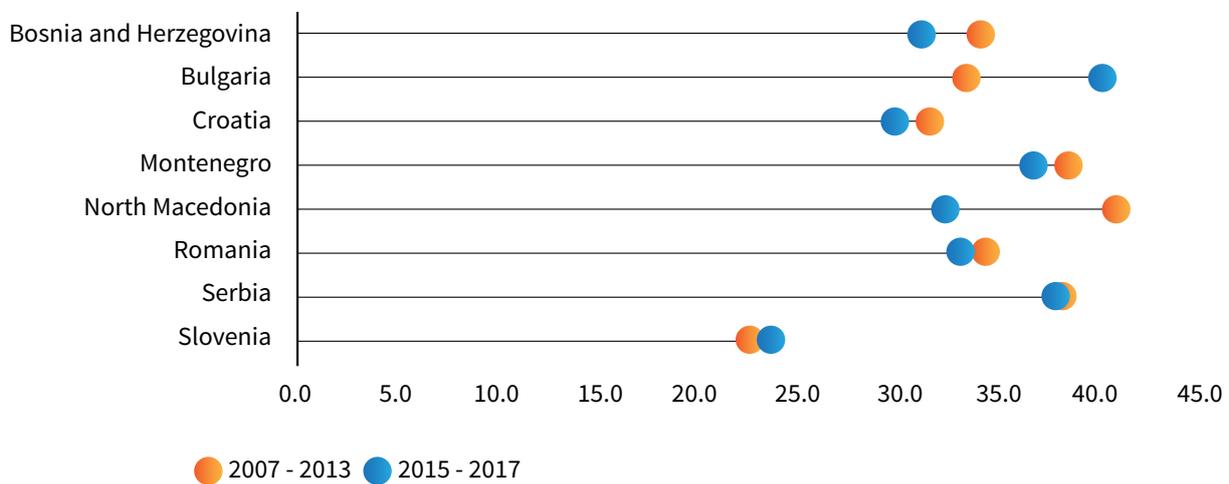
Source: LFS 2019. BHAS calculations.

2.6 Inequality

2.6.1 Gini coefficient (SDG 10.2)

A common measure of inequality is the Gini coefficient, which measures the proportional distribution of income. The most recently calculated Gini for Bosnia and Herzegovina was 0.33 (2015), which falls in the mid-range among its Western Balkan neighbours.

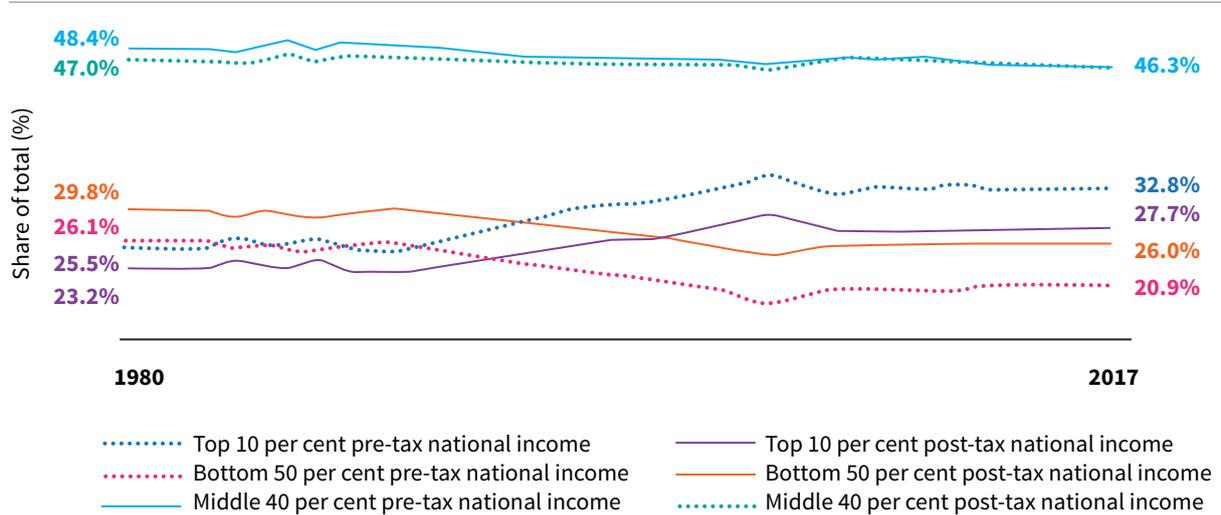
Figure 70. The Gini coefficient in the region



Source: Eurostat (online data code: ilc_di12).

A less abstract way of understanding inequality in Bosnia and Herzegovina is to look at the trend of income distribution over time. The figure below compares the shares of national income received by the top 10 per cent of the income distribution, the middle 40 per cent and the bottom 50 per cent before and after the effects of taxation.

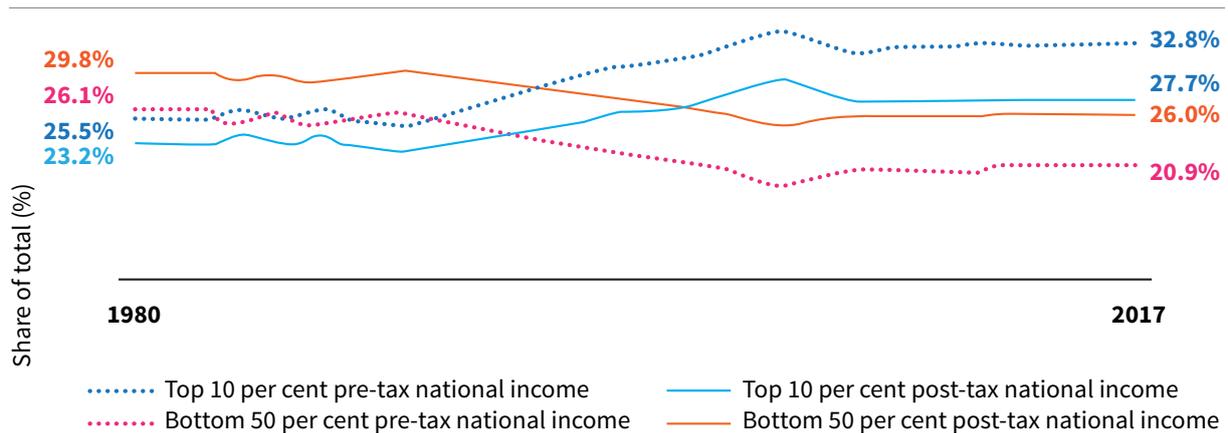
Figure 71. Pre and post-tax income of the top 10 per cent, the middle 40 per cent and the bottom 50 per cent



Source: World Inequality Database. Available from <https://wid.world/country/bosnia-and-herzegovina/>.

While the share of income of the middle 40 per cent remained slightly less than half of the total national income both before and after transition and more or less stable before and after taxation, the relationship between the top 10 per cent and the bottom 50 per cent underwent a radical change between 1990 and 2000.

Figure 72. Pre and post-tax income of the top 10 per cent and the bottom 50 per cent



Source: World Inequality Database. Available from <https://wid.world/country/bosnia-and-herzegovina/>.

In 1980, the lower half of the population (red line) received just over 29 per cent of national income whereas the upper 10 per cent (blue line) received just over 23 per cent. Over time, the distribution reversed completely through a massive transfer of income. By 2004, the share of the bottom half had fallen to 23 per cent whereas the share of the upper 10 per cent had risen to 32 per cent. After 2004, the trend shifted and the curve had flattened by the 2008/2009 financial crisis. Yet this divergent trend began to rise again with the beginning of the recovery in 2011.

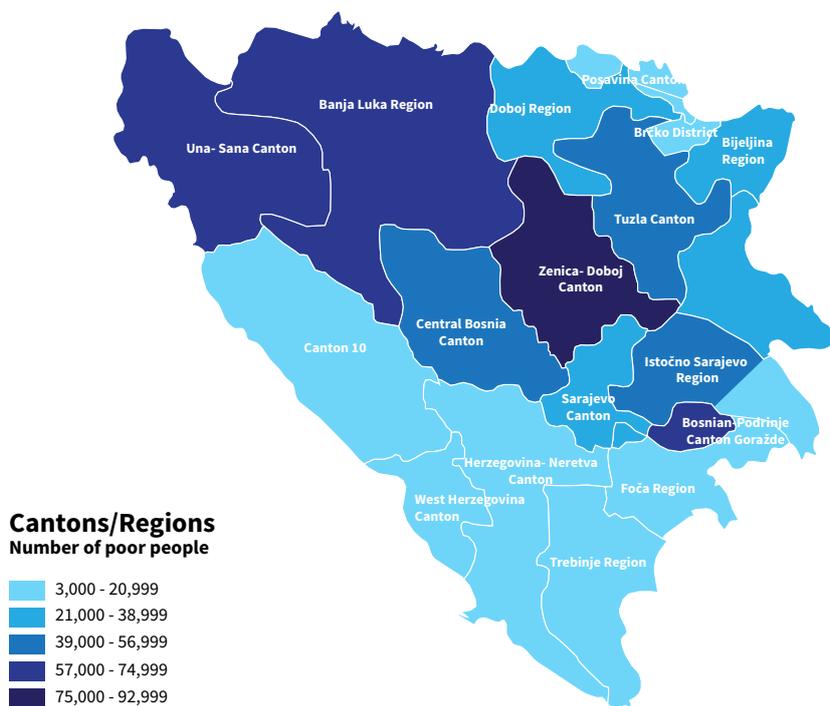
The same pattern held true after calculating the effect of taxation. The introduction of VAT at the beginning of 2006 reduced the gap but did not change the relationship. The share of the lower 50 per cent was several points higher under both the old and new systems, while the upper 10 per cent share was a bit lower after taxation. While the effect of taxation is to reduce the gap between the share of the upper 10 per cent and the lower 50 per cent, it does nothing to reverse the radical shift of income from the bottom half of the population to the upper 10 per cent.

People do not experience a Gini coefficient as such but what they do experience are the components of human development, namely a sense of place, dignity and value as well as the way in which they are able to live, interact and move within society and look toward to the future for themselves and their children. This underwent a radical change after 1991 and for the worse for those in the bottom 50 per cent.

2.6.2 Geospatial distribution of income by entity and by canton/region

The figures above show the division of national income according to percentage of income; however, income distribution is not equal across the territory of Bosnia and Herzegovina. Where people live in Bosnia and Herzegovina influences their ability to access income as well as the concentrations of higher and lower income residents, as illustrated in the map below.

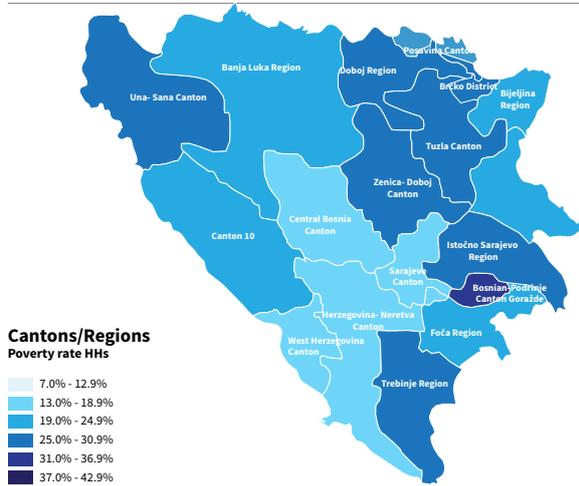
Figure 73. Number of poor per canton/region (Household Budget Survey 2015)



Source: Šabanović, E (2018).

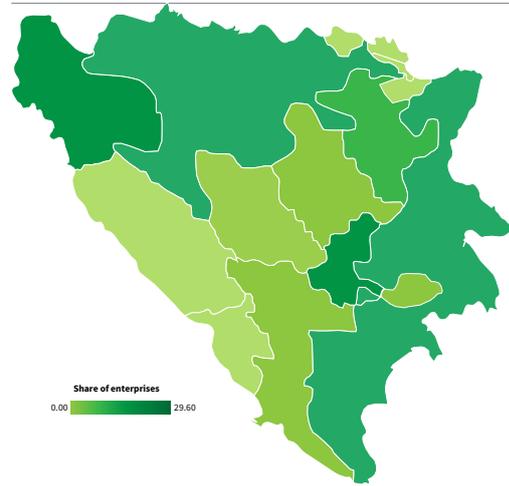
The following two maps show a clear relationship between household poverty and the number of enterprises and reflect the opportunities for employment. The corresponding level and distribution of wages were not available at that time; however, a comparison of the number of poor and the number of enterprises also shows a relationship.

Figure 74.
Poverty rates at the household level per
canton/region (HBS 2015)



Source: Šabanović, E (2018).

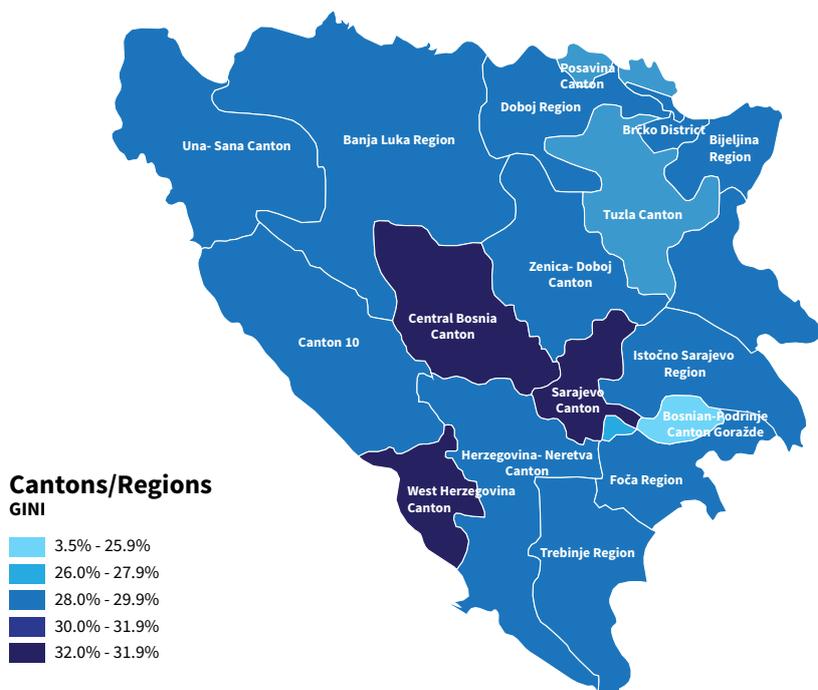
Figure 75.
Distribution of enterprises per canton/
entity in 2019



Source: OECD (2019).

In the map below, we can also see a relationship between lower Gini coefficients measuring the level of inequality in the cantons and higher rates of household poverty as well as the reverse higher levels of inequality in the cantons with lower rates of household poverty.

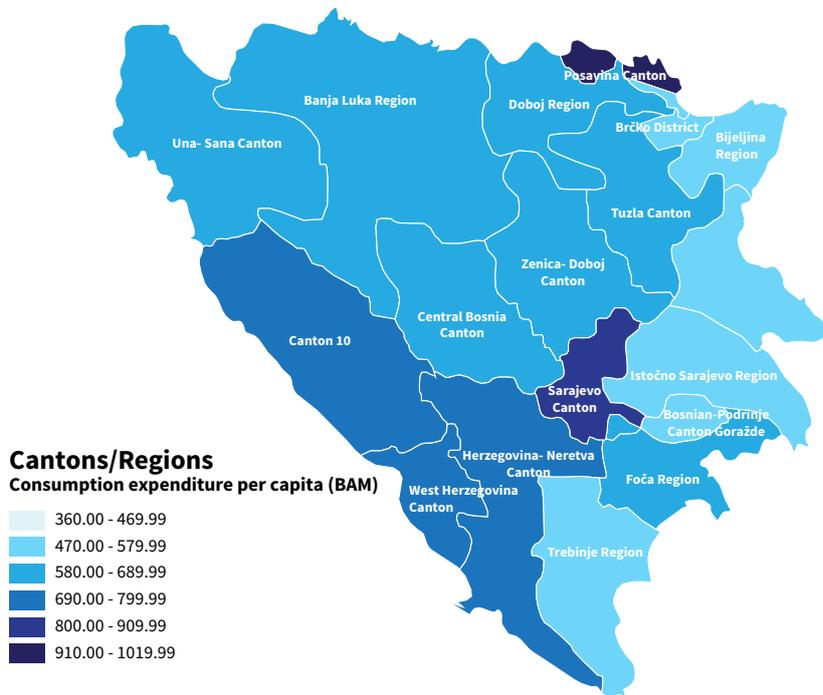
Figure 76. Gini coefficient by canton/region (HBS 2015)



Source: Šabanović, E (2018).

In the map below we can also see a clear correlation between those cantons or regions with higher levels of income consumption and lower levels of household poverty.

Figure 77. Consumption expenditure per capita per canton/region (HBS 2015)



Source: Šabanović, E (2018).

2.6.3 Tax System

In developed countries systems of progressive taxation collect and redistribute income in order to moderate the effects of market forces and the unequal distribution of natural and other resources. This is done through a broad range of social and economic mechanisms. While Bosnia and Herzegovina inherited a number of these mechanisms their effectiveness in reducing poverty, inequality and social exclusion is limited by externally imposed fiscal constraints, major gaps in system design, the failure to provide adequate funding and the persistent weakness of institutional coordination.

Indirect Taxation: The Law on Value Added Tax came into force in Bosnia and Herzegovina on 1 January 2006 with a uniform tax rate of 17 per cent. As of 1 January 2005, the Indirect Taxation Authority (ITA) was authorised to collect indirect taxes through a single account at the Central Bank. Indirect tax revenue is paid into the Central Bank by 13 authorised commercial banks. VAT is the main source of indirect tax revenue and, by a small margin, the largest source of government revenue, followed by social insurance contributions.

Table 2. Gross revenue from indirect taxation and the structure of indirect taxation

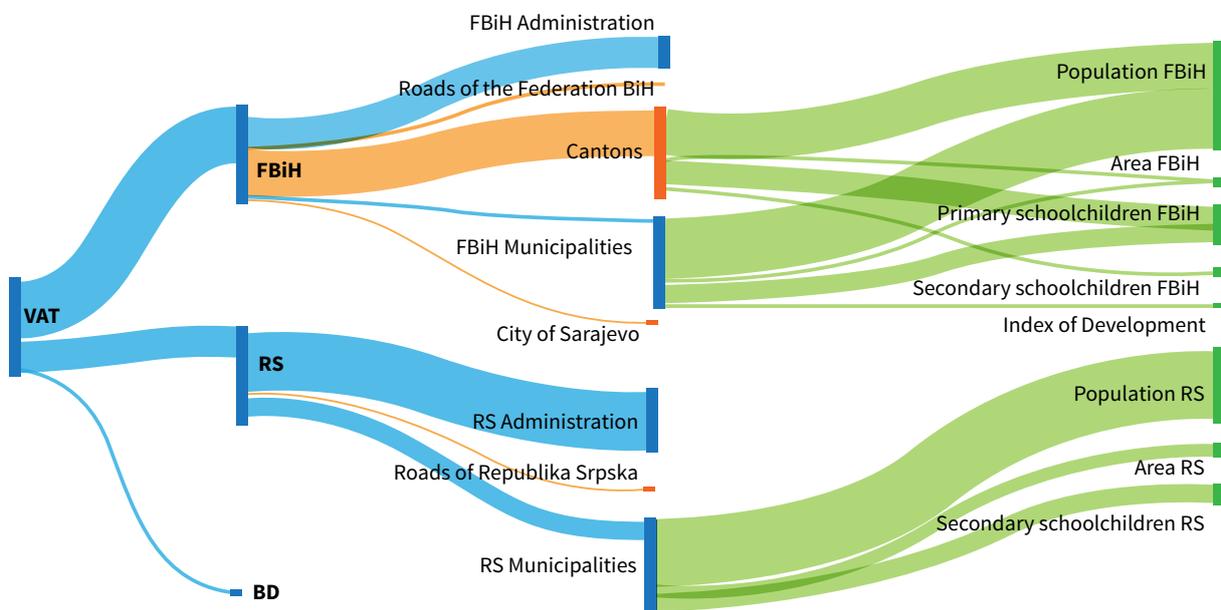
No.	Type of revenue	1-31 December 2016	1-31 December 2017	1-31 December 2018
1.	Customs	254,051,572.41	275,471,305.90	292,398,906.45
2.	Excise duty	1,455,996,276.08	1,472,601,869.92	1,454,120,973.89
3.	VAT	4,527,950,889.69	4,879,747,028.20	5,199,529,625.05
4.	Tolls	359,340,912.53	382,684,417.16	620,732,239.82
5.	Other income	19,022,129.85	18,616,638.18	19,362,709.19
6.	Inconsistent revenues	21,982,634.66	14,811,045.39	10,338,855.01
I (1-6)	Total	6,638,344,415.22	7,043,932,304.75	7,596,483,309.41

Source: ITA, delivered upon request.

After deducting the designated amounts to cover anticipated refunds, a minimum reserve fund and funding for the operation of state institutions, the remaining indirect taxation revenue is distributed among the entities and Brčko District. This is done in accordance with the formula established by the Indirect Taxation Authority and which assigns 64.26 per cent to the Federation of Bosnia and Herzegovina, 32.19 per cent to Republika Srpska and 3.55 per cent to Brčko District.¹⁴⁶

After reserving the amounts required to cover their external debts, the entities and Brčko District allocate funds for their administrations and the ten cantons (Federation of Bosnia and Herzegovina), the municipalities and cities (in the entities) as well as public companies for roads.¹⁴⁷

Figure 78. Distribution of indirect revenue



146 Based on the Decision of the Steering Board for the Indirect Taxation of Bosnia and Herzegovina number UO 02-17-35/17 of 29 dated May 2017 for the period April to June 2017. The Law on Payments from the Single Account and Revenue Allocation.

147 Distribution formula in AI Tax System zero draft pp. 8-9.

Box 11.

Distribution of revenue from indirect taxation

The allocation of indirect taxation revenue in Republika Srpska

Indirect taxation is distributed according to the Republika Srpska Law on the Budget System as follows: The 8.42 per cent allocated to the municipalities in the Federation of Bosnia and Herzegovina follows a similar but slightly different allocation in order to reflect the variations in level of development among the municipalities.

- 1.) 68 per cent based on the population
- 2.) 5 per cent based of the area of the municipality
- 3.) 20 per cent for primary school pupils
- 4.) 7 per cent based on the level of development of the municipality as defined through the Index of Development

- 1.) 72 per cent budget of Republika Srpska
- 2.) 24 per cent budgets of the municipalities and cities
- 3.) 4 per cent for the public company 'Roads of Republika Srpska'

The allocation of indirect taxation revenue in the Federation of Bosnia and Herzegovina

The Federation of Bosnia and Herzegovina allocates the revenue after paying the external debt in accordance with the following:

- 1.) 36.2 per cent the budget of the Federation of Bosnia and Herzegovina
- 2.) 51.23 per cent the cantons
- 3.) 8.42 per cent the municipalities
- 4.) 3.9 per cent the Road Directorate (the entity, cantons, municipalities and cities)
- 5.) 0.25 per cent the City of Sarajevo

The 51.23 per cent allocated to the cantons is distributed according to the following formula:

- 1.) 57 per cent on the basis of the number of the population
- 2.) 6 per cent on the basis of the area of the canton
- 3.) 24 per cent on the basis of the number of children enrolled in primary school
- 4.) 13 per cent on the basis of the number of children enrolled in secondary school

The Law on the Budget System of Republika Srpska ('Official Gazette of Republika Srpska', nos. 121/12, 52/14, 103/15 and 15/16). The distribution criteria are the level of development of a local self-government unit, the size of the population of a municipality or city, the area of a municipality or city, the number of secondary school pupils, etc.

The Law on Public Revenue Allocation of the Federation of Bosnia and Herzegovina, ('Official Gazette of the Federation of Bosnia and Herzegovina', nos. 22/06, 43/08, 22/09, 35/14 and 94/15). Some cantons have specific additional funding.

The Law on the Budget System in Republika Srpska specifies the distribution of indirect taxation revenue within its territory according to criteria that include the following: the level of development of a local self-government unit, the size of the population of a municipality or city, the area of a municipality or city and the number of primary and secondary school pupils.

The figures below show that revenue from indirect taxation in the Federation of Bosnia and Herzegovina is allocated according to a formula heavily weighted to the size of the population; however, there are certain anomalies. One such example is the West Herzegovina Canton, which receives a smaller share of funding but has a larger population than Canton 10. Another example is Sarajevo Canton, which receives a much larger share of this funding compared to Tuzla Canton despite having a smaller population.

Figure 79. Proportional allocation to the cantons

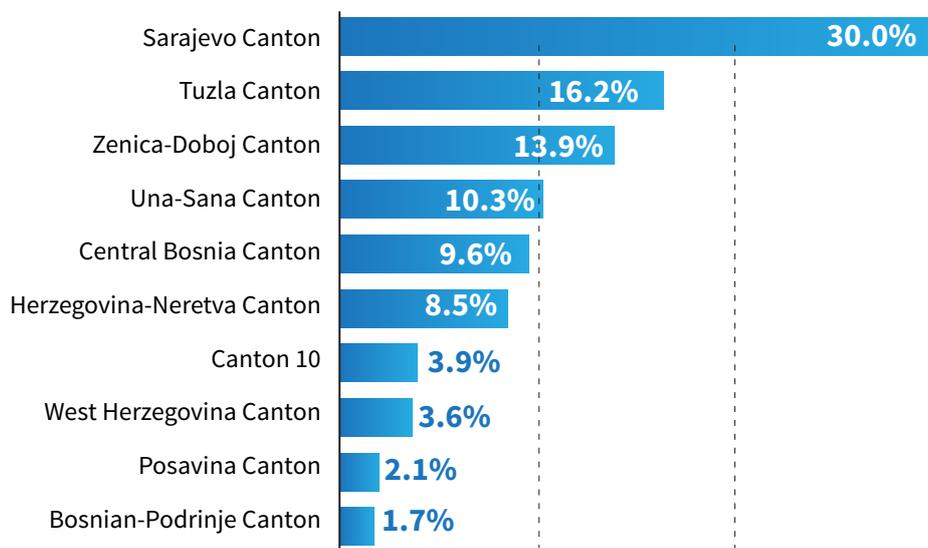


Figure 80. The correlation between population size and the share of indirect taxation revenue in the Federation of Bosnia and Herzegovina

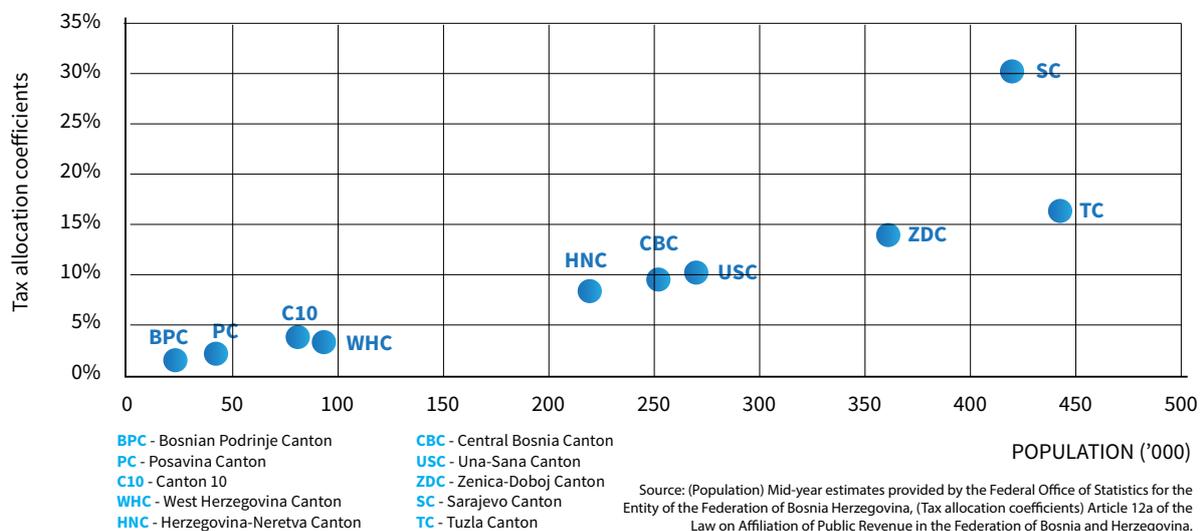
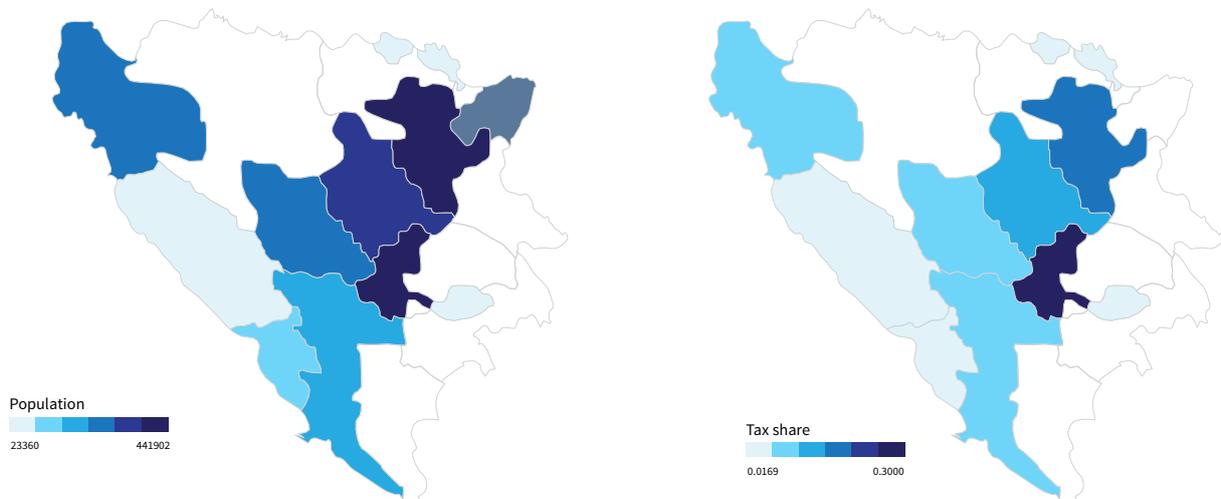


Figure 81. Allocation coefficients for the distribution of indirect taxation based on population size across the cantons of the Federation of Bosnia and Herzegovina



Please Note: The maps relate solely to the Federation of Bosnia and Herzegovina.

Source: The Federal Office of Statistics for the Entity of the Federation of Bosnia Herzegovina provided the mid-year population estimates. Tax allocation coefficients from Article 12a of the Law on Affiliation of Public Revenue in the Federation of Bosnia and Herzegovina. Republika Srpska has a uniform tax code that does not contain any regional variance.

Direct taxation: In both entities, this includes personal income tax of 10 per cent on the net wage,¹⁴⁸ a corporate profit tax as well as a property tax and various fees.¹⁴⁹ Income tax¹⁵⁰ is divided between the municipalities, cities and cantons in the Federation of Bosnia and Herzegovina according to the Law on Public Revenue Affiliation. The cantons receive a maximum of 71.5 per cent of this tax, while the municipalities and cities receive a minimum of 28.5 per cent of income tax (although there are several different divisions) as well as 100 per cent of the land use tax and fees.¹⁵¹

In Republika Srpska, income tax for the self-employment is split (75 per cent/25 per cent) between the entity budget and the budgets of the municipalities and cities. Personal income tax is also divided in this way (75 per cent/25 per cent).¹⁵²

2.6.4 The disproportionate impact the tax system has on low-income taxpayers

The individual tax burden in Bosnia and Herzegovina is comparatively high and disproportionately distributed. Social insurance contributions in the Federation of Bosnia and Herzegovina absorb 41.5 per cent and in Republika Srpska 32.8 per cent of gross wages, with no minimum exemption or maximum contribution ceiling. Individual taxpayers also pay a flat rate of 10 per cent income tax on net wages after a personal deduction of BAM 300 per month in the Federation of Bosnia and Herzegovina, while in Republika Srpska the personal deduction amounts to BAM 500 per month.¹⁵³

148 'Official Gazette of Republika Srpska', nos. 60/15, 5/16, 66/18 and 105/19.

149 Total revenue from direct taxation, contributions and other revenue collected by the entity tax administrations account for 50 per cent of consolidated public revenue in Bosnia and Herzegovina.

150 Rulebook on application of the Law on Public Income Tax ('Official Gazette of the Federation of Bosnia and Herzegovina' nos. 67/08, 4/10, 86/10, 10/11, 53/11, 20/12, 27/13, 71/13, 90/13, 45/14, 52/16, 59/16, 38/17, 3/18 and 30/18).

151 The Law on Public Income Preparation in the Federation of Bosnia and Herzegovina ('Official Gazette of the Federation of Bosnia and Herzegovina', nos. 22/06, 43/08, 22/09, 35/14 and 94/15).

152 Article 9. 1 (b) of the Law on the Budget System of Republika Srpska ('Official Gazette of Republika Srpska', nos. 121/12, 52/14, 103/15 and 15/16).

153 Reductions in social insurance rates and personal exemption levels are currently under discussion in the Federation of Bosnia and Herzegovina, but have yet to be established.

Revisions of the tax system are currently under discussion yet to date no replacement revenue has been identified.

Table 3. Contribution rates

	FBiH Employee	FBiH Employer	RS
Pension	17.0%	6%	18.5%
Health	12.5%	4%	12.0%
Unemployment/disability	1.50%	0.5%	0.6%
Health solidarity	1.28%		
Employment (cantons)	1.05%		
Child protection			1.7%
Total social contributions	41.5 %		32.8%
Income tax	10.0%		10.0%
Solidarity contribution			0.25% ¹⁵⁴
Tax for protection from natural and other disasters	0.5%		
General tax for water management	0.5%		

Source: Obradović, N., et al. (2019).

The high cost of social insurance and the absence of either a minimum or maximum income limit on contributions discourage low-wage earners from entering the formal labour market. The immediate advantage of retaining all of their wage makes informality preferable, despite the long-term disadvantages of lack of pension and unemployment, disability and health coverage. Measures such as in-work benefits that could help reduce in-work poverty and the promotion of labour market inclusion are absent in both entities.¹⁵⁵

Much or all of the income of the section of the population in the bottom two income quintiles would fall below the personal deduction limit on the 10 per cent income tax rate. However, the regressive effects of VAT would fall heavily on the lower 40 per cent or 50 per cent in terms of income distribution for those who spend virtually their entire income on goods and services that are subject to 17 per cent VAT. Those in the upper income quintiles also purchase goods and services subject to VAT; however, the effective that the VAT rate who have on higher earners would be lower as their disposable income would be sufficient to allow them to continue to save and invest and undertake foreign travel and other expenditures not subject to VAT.

2.6.5 The effect that inadequate or perverse redistributive mechanisms have on inequality

The administrative costs of the system of government in Bosnia and Herzegovina are considerably higher than elsewhere in the region and in the European Union. While the cost of the highly fragmented governance system places an additional burden on the budget, an even greater cost is the effect that this fragmentation has as a driver of increasing spatial inequality, the duplication of and functions and the high levels of administrative complexity that depress the growth potential of the country.

¹⁵⁴ Law on Solidarity Fund for Diagnosis and Treatment of Child Diseases, Conditions and Injuries Abroad ('Official Gazette of Republika Srpska', No. 100/17). Article 6 (page 3) allows an employee to request exemption from payment.

¹⁵⁵ Atoyan, R and J. Rahman, 2017.

With the single exception of the level of development indicator for the allocation of indirect taxation revenue to the municipalities in the Federation of Bosnia and Herzegovina, the systems of taxation and distribution of tax revenue lack any mechanism for redistributing resources from higher income to lower income areas. While Republika Srpska does distribute both indirect and direct taxation revenue according to a formula that takes into consideration the level of development and population size, social transfers, social services and social insurance, income replacement rates suffer from the same limitations as in the Federation of Bosnia and Herzegovina.

As noted in all previous studies on non-contributory benefits in Bosnia and Herzegovina and as cited in the section on social protection, the mechanism for redistributing income from higher income to lower income individuals is deeply flawed. Bosnia and Herzegovina devotes the smallest proportion of its GDP of any country in the region by a wide margin to social assistance and at the highest proportion of administrative expense.

Instead of reallocating funds from higher income to lower income areas in order to reduce inequality and support their development, the system of taxation in the Federation of Bosnia and Herzegovina recirculates revenue back in the same proportions in which it was paid and thus reinforces the existing inequality. Indirect taxation in the Federation of Bosnia and Herzegovina is redistributed following a heavily weighted formula to those areas with the largest populations and therefore the areas with the highest concentration of employment opportunities, lowest unemployment and highest income levels. These areas attract people from the poorer regions, while the poorer regions are then further penalised by a reduction in their flow of indirect taxation revenue and this in turn further reduces their ability to fund public and social services.

Income tax and social insurance contributions do not incorporate a redistributive mechanism because they are retained within the cantons and municipalities that collect them, enabling wealthier areas with higher wages and employment to collect more through taxation and allowing more to be spent on public and social services. Poorer cantons and municipalities with smaller tax bases, lower wages and higher under employment and unemployment rates continue to see their revenue decline along with the quality, scope and availability of the services that they are able to provide to their populations, which further reinforces the cycle of increasing territorial inequality.

Chapter 3

SOCIAL INCLUSION IN BOSNIA AND HERZEGOVINA AS EXPERIENCED BY ITS CITIZENS

A community and household level case study

Social sector institutional structures and performance at the national and entity level were examined in the previous section. However, it is clear that resources and opportunities vary widely across the territory of Bosnia and Herzegovina and that national and entity level aggregate statistics provide little insight into how well these institutions meet the needs of individual citizens. In order to find out how the people who deliver and who use social sector services assess them, a case study of seven municipalities selected to reflect a range of characteristics, including size, ethnic composition, urban/rural and geographical location, was developed in order to gain a better understanding of the inclusiveness and cohesion of society in Bosnia and Herzegovina. In collaboration with the project Strengthening the Role of Local Communities,¹⁵⁶ the City of Bijeljina and the municipalities of Gradačac, Ilijaš, Laktaši, Ljubuški, Nevesinje and Tešanj were selected.

Three complementary research methods were applied in order to collect information on the sample municipalities. Administrative records were used to compile an inventory of the facilities and services in each community that should be available to all citizens. Namely, municipal offices, schools, health clinics, centres for social welfare, recreational areas, shops, cafés, markets and industrial enterprises or other employers along with their geographical location and public transportation routes. Profiles were assembled listing each community's physical characteristics and the availability of and access to these basic local level public facilities and social services. These were then mapped to produce an interactive graphic display of the physical context of social and economic life in each community. Workshops conducted with municipal and local administrators, service providers and citizens were used to correct and validate these maps and profiles. The workshops also recorded the participants' assessments of the most pressing problems in their communities.¹⁵⁷ Finally, a representative sample survey was carried out in order to collect anonymous individual perceptions of the availability and quality of services, personal social connections and community life in each sample municipality and city.

3.1 Community profiles and maps

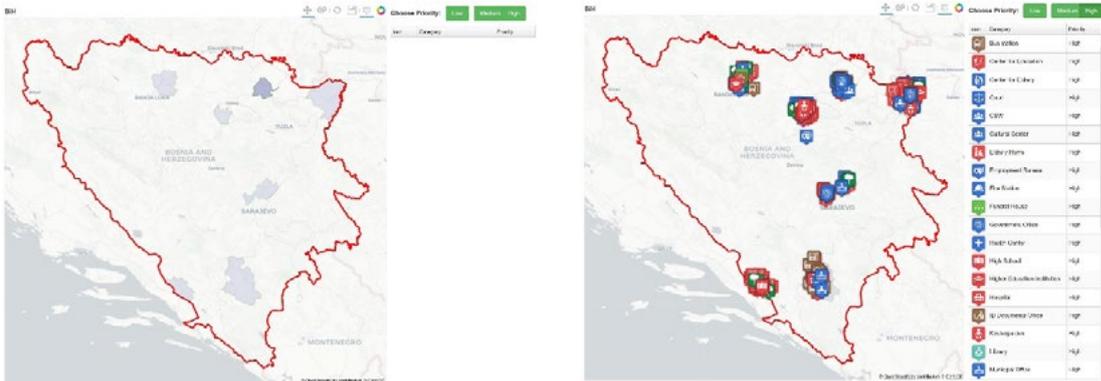
Mapping the facilities and service locations together with public transportation routes revealed gaps in the presence of service providers and showed whether the available facilities were accessible through means other than private vehicles. The maps can be used to design targeted interventions by, for example, combining the locations of rural households with members who are elderly or have

¹⁵⁶ Strengthening the Role of Local Communities project, funded by the governments of Switzerland and Sweden.

¹⁵⁷ The completed municipal profiles, maps and mapping software as well as workshop summaries and survey results will be handed over to the second phase of the Strengthening the Role of Local Communities project for use in its future activities (See Appendices 3A-3G).

a disability with public transportation routes connecting to municipal offices, health centres, social welfare centres, cafés, shops and other social meeting points. The maps also show where public transportation is missing or not accessible to persons with disabilities or where the schedules are not compatible with the working hours of these facilities. This would create an illustrated record of what changes are required and where to make a working connection between service providers and community resources and citizens.

Box 12.
Community profile maps



The full set of community profiles is included in the appendices and is available online from <https://heroku-bih.herokuapp.com/BiH>.

3.2 Municipal workshop priorities and comments

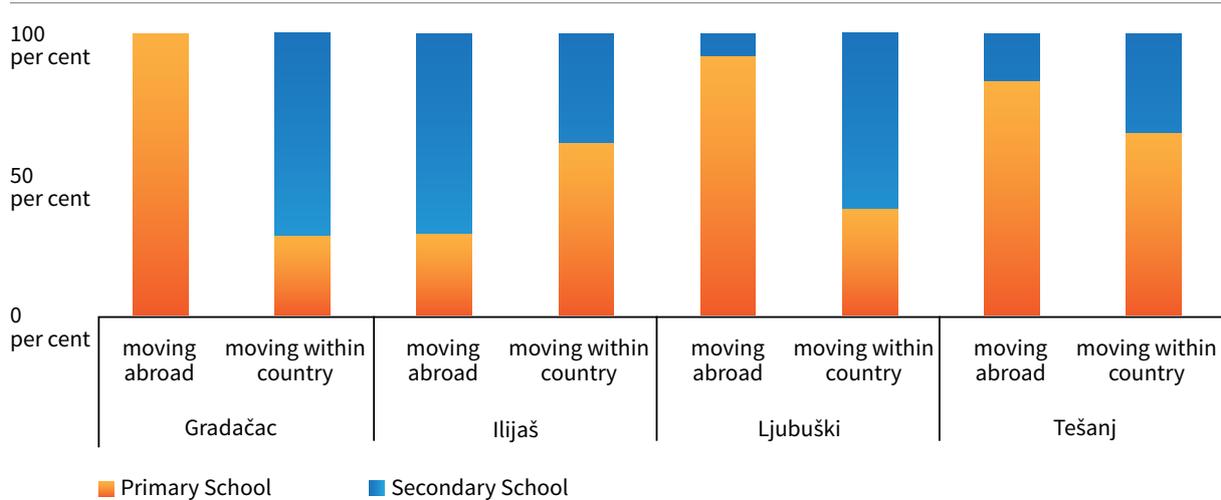
After correcting and validating the draft profiles and maps of their communities, the workshop participants met in plenary session to present their assessments of the most important problems facing their communities. When responding to one another’s presentations, the representatives from the communities noted a broad range of differences among them. Yet despite the variations in size, ethnic composition, income range and geographical location there was a surprising level of agreement among the participants on the most pressing problems facing their communities. The participants identified the following six issues, which are listed in order of frequency.¹⁵⁸

Emigration: The emigration of young families was the highest priority concern raised during the workshops. While this could be a reflection of the current focus in the media on emigration, a number of participants offered examples from their own municipalities of children being taken out of school to move abroad with their parents. Some attributed this to a lack of jobs or of jobs that do not provide a decent income, while others noted that even people with jobs and good incomes were leaving. Administrative data was gathered to support this claim.

Four of the municipalities included reported on the reasons for primary and secondary school pupils quitting school. The figure below summarises the reports of those four municipalities and shows that children of primary school age were more likely to quit school to move abroad, while children of secondary school age were more likely to move to another part of the country.

¹⁵⁸ The Community workshops took place on 17 and 18 September 2019, prior to the emergence of the COVID-19 virus.

Figure 82. Administrative data, municipal profiles and reasons for quitting school



Source: Administrative data, Municipal Profiles. Appendices.

Infrastructure: There were numerous criticisms of the lack of investment in infrastructure such as road maintenance and services such as the use of private bus companies with limited routes and schedules at high cost rather than public bus systems. Also noted was the failure to coordinate bus schedules with the working hours of administrative offices and public service providers.

Accessibility for and support to people with disabilities and the elderly: Participants from the majority of the municipalities stated that the services, support and facilities for people with disabilities in their communities were inadequate. This included a lack of schools accessible to persons with disabilities or accessible schools that lack trained educators and support staff. Many communities noted the lack of any specialised facilities for children and persons with disabilities or care facilities and services for vulnerable elderly and the prohibitive cost of private facilities that are out of reach of the majority of those in need of care.

Centres for social welfare: There was uniform praise for the services provided by the centres for social welfare and yet those social workers who participated stated that the majority of their time was spent finding ways around rigid eligibility requirements in order to secure benefits for those in need. They pointed out that the lack of sufficient staff and funding has resulted in professional social workers being unable to focus on their key work of family and marriage counselling, early identification of children and adults with disabilities and conducting home and follow-up visits in coordination with schools and health clinics to pupils at risk and school dropouts. The participating social workers cited the lack of time and resources (including vehicles and fuel) needed for active outreach to these and other vulnerable individuals.

Inequality: The issue of inequality was raised in the discussion in relation to the level and even the availability of child benefit, public transportation and school buses, emergency services and start up and community service grants in their communities. The underlining structural reasons derive from not having minimum standards for social security defined and endorsed at the level of the Federation of Bosnia and Herzegovina, hence leaving it up to the cantons to regulate social assistance criteria and amounts and thus creating discrimination based on place of residence and geographic disparity in services.

Clientelism: A number of participants stressed the negative effects of politicised public procurement of services and the non-competitive appointment of public employees who have questionable qualifications and are not competent to fulfil their functions properly.

*"There were constant complaints during consultations about the mismatch between the allocation of responsibilities and funds leading to underfunding of local governments and the poor provision of public services. Municipalities complained that while they don't have formal obligations regarding health they have to finance and provide ad hoc support, one-off allowances (e.g. for the homeless) and social welfare services for those who cannot get help at the cantonal level. Municipalities explained that it is not possible to refuse help to people in need and that it is often not practicable (or rewarding) to refer constituents to cantonal services."*¹⁵⁹

3.3 Representative sample survey

To compensate for potential bias or consensus pressure among workshop participants an anonymous citizen's perception survey was conducted in the seven sample municipalities. The survey drew questions from the 2009 National Human Development Report related to household composition, social interaction and perceptions on the use of and assessment of the availability, accessibility and quality of community services. The size of the survey sample was designed to ensure the same level of statistical validity as the earlier survey that was conducted in the same geographical locations in order to allow for a comparison of the responses over time.¹⁶⁰

Box 13.

Survey methodology of the National Human Development Report 2019

The National Human Development Report (NHDR) 2019 Social Inclusion Survey was a continuation of the NHDR 2009 Social Capital Survey, with the exception of three additional questions. The NHDR 2019 replicated the previous round conducted a decade earlier in order to compare the changes in trends over time. The main difference between the two surveys was the sampling frame. The NHDR 2009 survey covered a nationally representative sample (with a sample size of 1,613) whereas the NHDR 2019 survey was conducted in seven municipalities (with a total sample size of 333). As such, the NHDR 2019 survey serves as a guide for a future and nationally representative survey. Compared with the NHDR 2009 survey, the NHDR 2019 sample was somewhat older with relatively more male and married respondents. The ethnic/national affiliation diverged from the representation in the NHDR 2009 survey because the 2019 survey was based on selected municipalities.

The weight of respondents that had completed secondary school was lower in the NHDR 2009 survey (31 per cent) compared to the 2019 Survey (39 per cent). The lower percentage of female respondents in the NHDR 2019 survey was reflected in the distribution of the labour market status of the sample. Relatively speaking, the representation of respondents engaged in reproductive work was lower in the second round (NHDR 2019) than was the case in the NHDR 2009 Social Capital Survey. On the other hand, the income level captured in the NHDR 2019 survey was higher than the level captured in 2009 survey. Approximately half of the respondents reported their income level at between BAM 500 and BAM 1,500 in 2019, while less than 40 per cent of respondents reported their income in the same bracket in the 2009 survey.

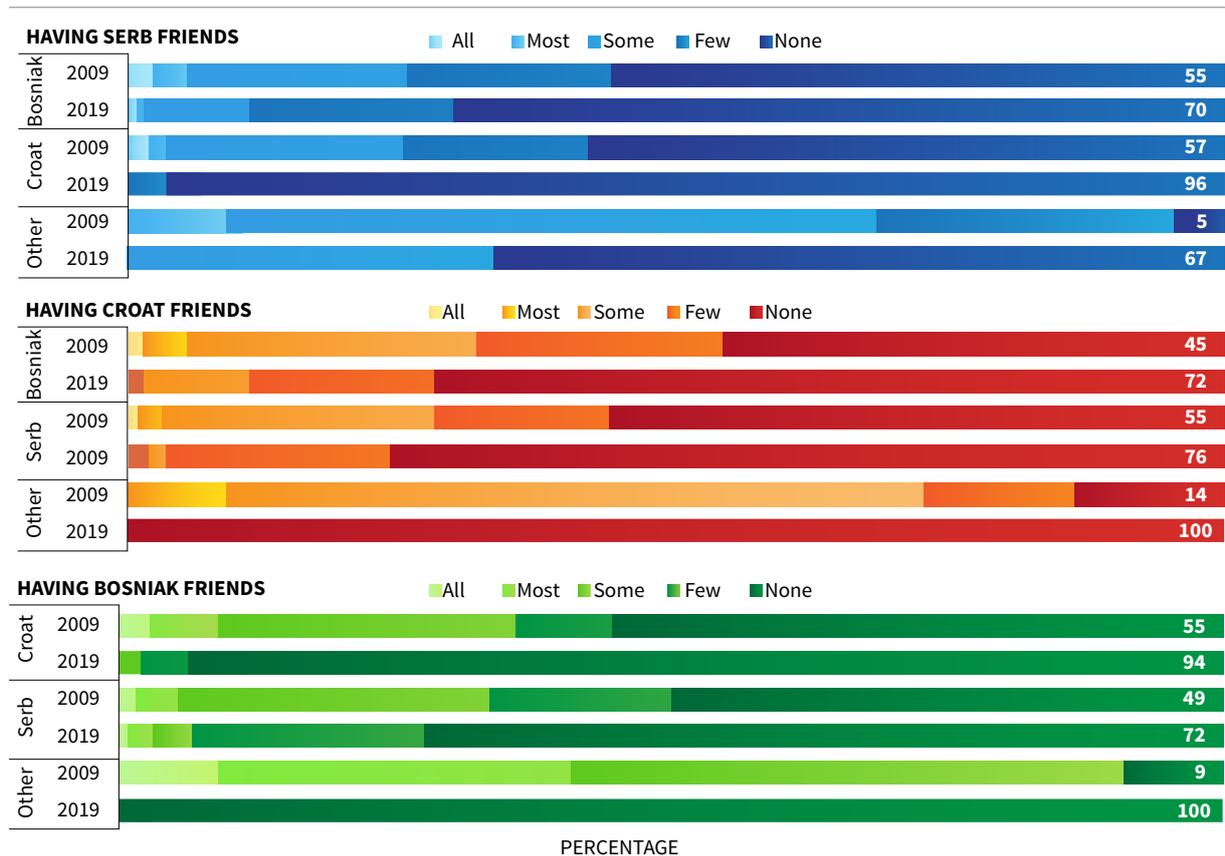
¹⁵⁹ Brosio, et al., 2018.

¹⁶⁰ Although only representative of the sampled municipalities, the survey results could be interpreted as a reflection of the wider community. The responses offer a more detailed perspective on the availability of facilities and services in the communities and add the dimension of personal connections.

3.3.1 Social ties in Bosnia and Herzegovina over the last decade

Social connections across ethnicities have weakened over the past decade. In 2019, 70 per cent of Bosniak respondents reported having no Serb friends whereas only 55 per cent of Bosniak respondents reported having no Serb friends in 2009. Similarly, 49 per cent of Serb respondents reported having no Bosniak friends in 2009 whereas in 2019 this proportion had increased to 72 per cent.

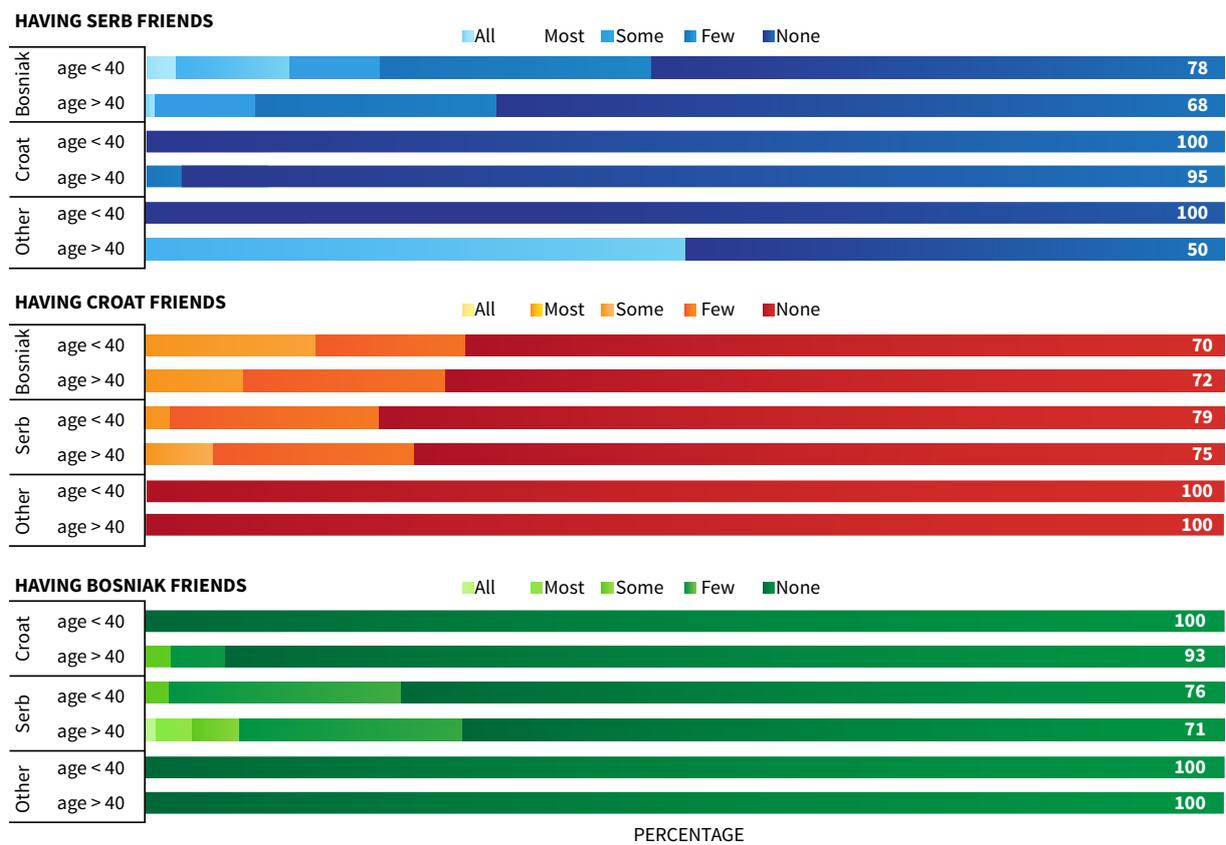
Figure 83. Percentage of respondents having social ties and friends of other ethnicities in 2009 and 2019



Source: NHDR 2009 survey, NHDR 2019 survey.

To check whether the weakening of social connections varied across age cohorts, the respondents included in the 2019 survey were divided into two groups according to age: respondents younger than 40 and older than 40 years of age. In 2019, 78 per cent of the younger respondents who identified as Bosniak reported having no Serb friends and 68 per cent of the Bosniak respondents older than 40 years of age reported having no Serb friends. Similarly, none of the Croat respondents younger than 40 years of age reported having Bosniak friends and 93 per cent of Croat respondents older than 40 years of age reported having no Bosniak friends in 2019.

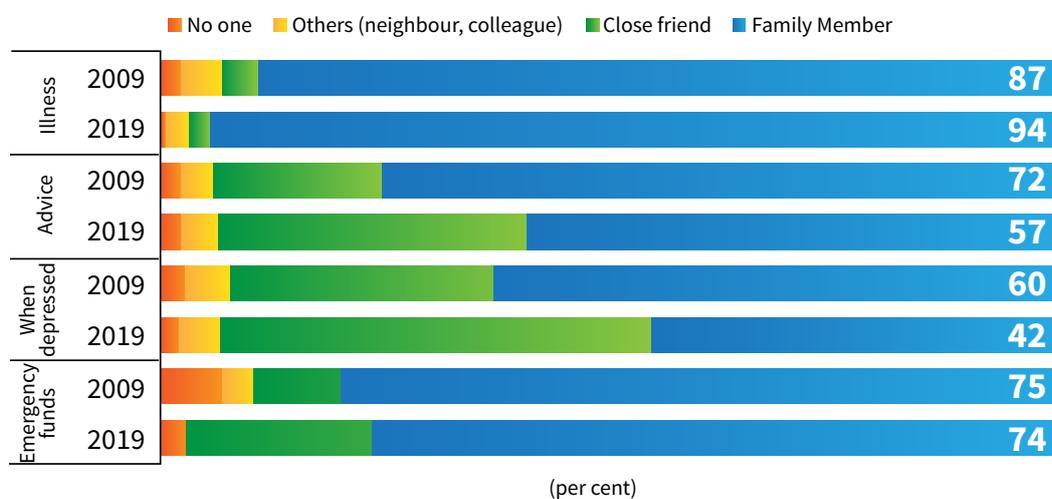
Figure 84. Having friends of other ethnicities according to age in 2019



Source: NHDR 2019 Survey.

The weakening of social ties was also reflected in the responses on support networks. Respondents who reported that they relied on family members for help in case of illness amounted to 94 per cent in 2019, which represents an increase of 7 per cent compared to 2009. Reliance on close friends in the case of advice, feeling depressed or needing to raise funds for emergencies increased over the last decade.

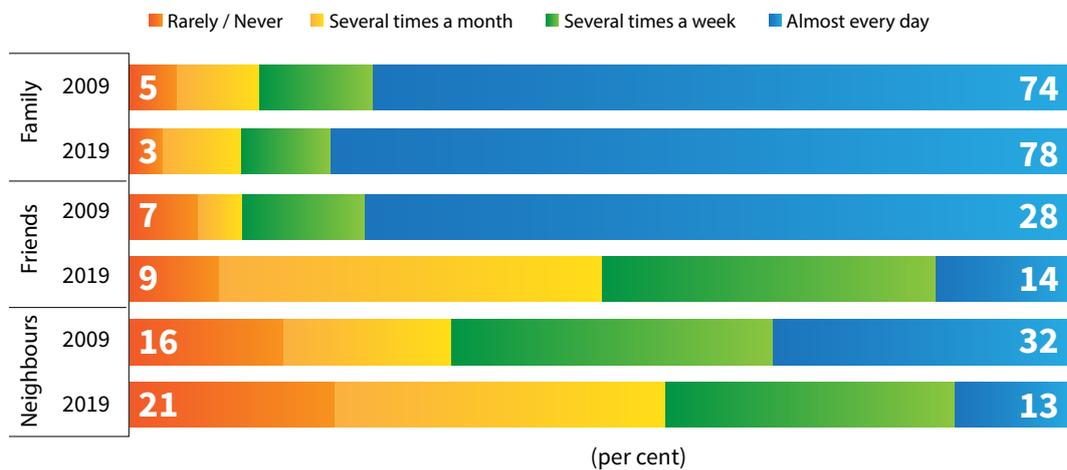
Figure 85. Support networks in 2009 and 2019



Source: NHDR 2009 survey, NHDR 2019 survey.

In addition to relying on family help during illness, respondents reported spending more time with family on a daily basis. Respondents who reported that they spent time with family members on a daily basis amounted to 78 per cent in 2019, which represents a 4 per cent increase compared to 2009. However, time spent with neighbours declined dramatically with approximately 32 per cent of respondents reporting having spent time with neighbours almost every day in 2009 whereas only 13 per cent reported that they had spent time with neighbours each day in 2019.

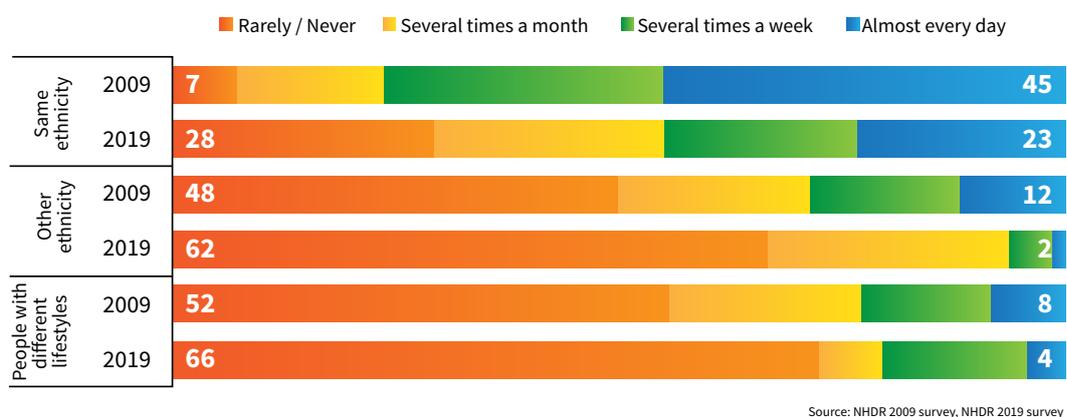
Figure 86. Time spent with strong social connections in 2009 and 2019



Source: NHDR 2009 survey, NHDR 2019 survey.

Social ties with people within their own ethnic group, with other ethnic groups and with people leading a different lifestyle all declined over the past decade. In 2019, approximately 65 per cent of the respondents reported that they almost never spent time with people leading a different lifestyle. In 2009, only 52 per cent of the respondents reported that they never connected with people living a different lifestyle. Interestingly, even though friendships across different ethnic groups have weakened the same applies to the amount of time spent with people within the same ethnic group. Respondents reporting that they almost never spent time with people within their own ethnic group was 28 per cent in 2019, which represents an increase of 7 per cent compared to 2009.

Figure 87. Time spent with weak social connections in 2009 and 2019



Source: NHDR 2009 survey, NHDR 2019 survey

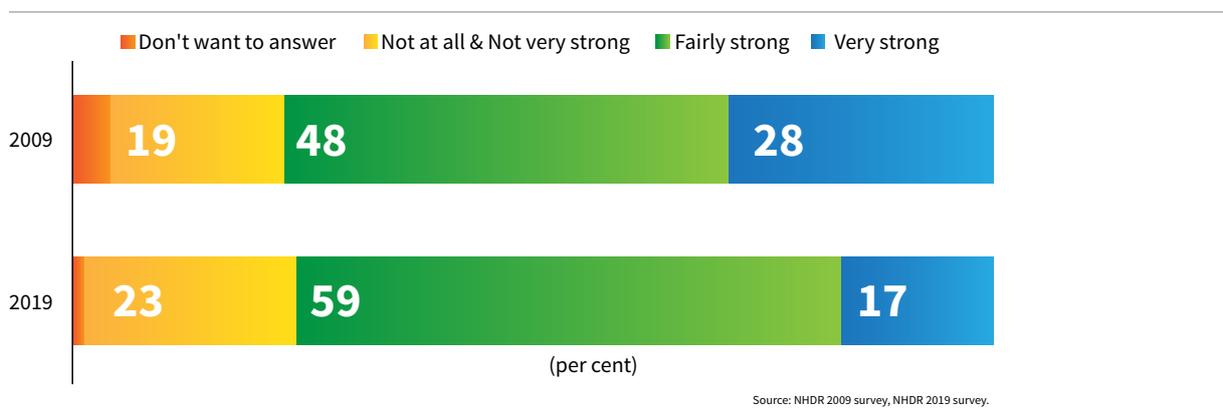
The results above indicate that over time respondents have withdrawn from meeting people outside of their own family. The weakening of social ties can have many causes such as people moving out of the neighbourhood, while a lack of time and resource poverty can be contributing

factors. However, as noted in the conclusions section below, the ethnic-based political structures created by the Dayton Accord have become a mechanism for increasing isolation among the constituent peoples of Bosnia and Herzegovina and for separating them into administrative systems and social spaces.

People in Bosnia and Herzegovina today are less likely to interact with members of a different ethnic group at work, in education or socially or through cultural activities and even when driving through one another’s territory and are therefore far less likely to have such contacts compared to the time prior to the conflict in the 1990s and more poignantly compared to a decade ago.

More respondents reported that they identified with their neighbourhood very strongly in 2009 (28 per cent) compared to the responses given in 2019 (17 per cent).

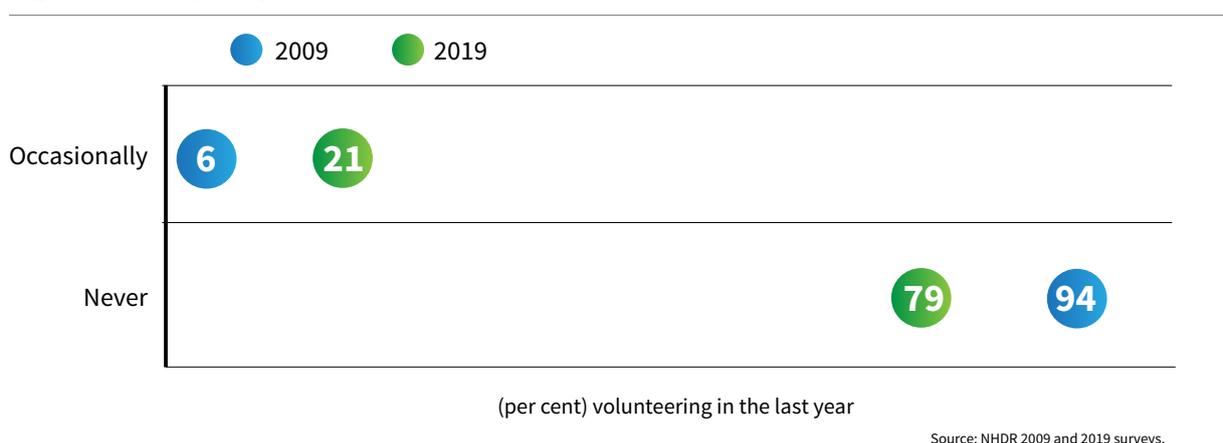
Figure 88. The sense of belonging to a neighbourhood in 2009 and 2019



3.3.2 Volunteering and civic engagement

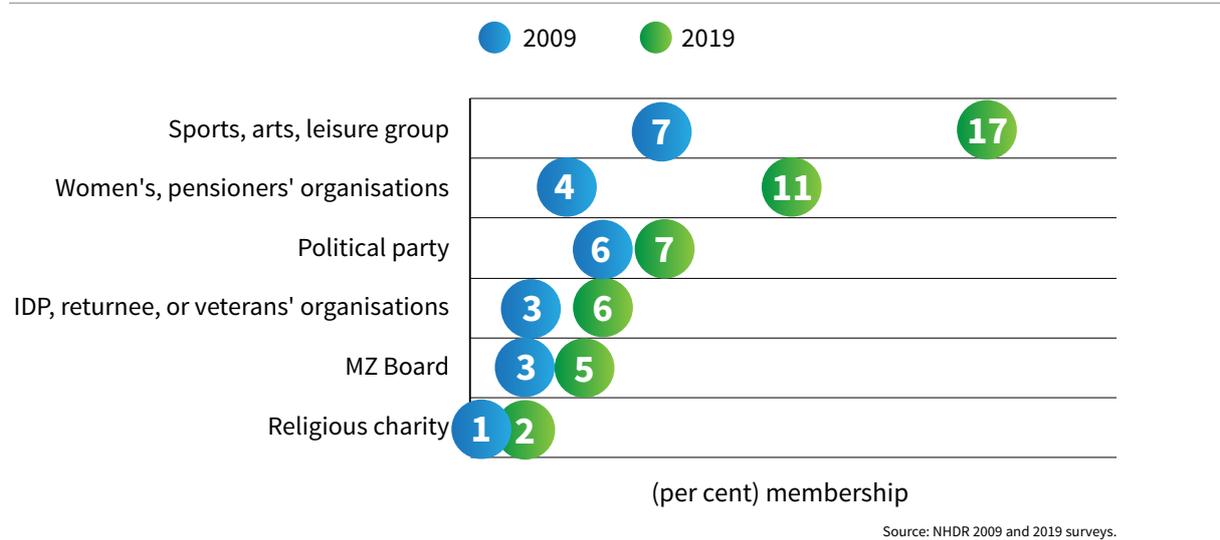
A similar pattern was found in the reported levels of participation in civic and social organisations. Although part of this shift could be a reflection of citizens joining to support one another in demanding improved services or joining the local authorities to effect needed change, the larger proportion relates to engagement in recreational activities. A comparison of the 2009 and 2019 National Human Development Report surveys showed that while occasional volunteerism increased from 6 per cent to 21 per cent the majority of this increase related to membership based on sports and leisure activities.

Figure 89. Frequency of volunteerism in 2009 and 2019



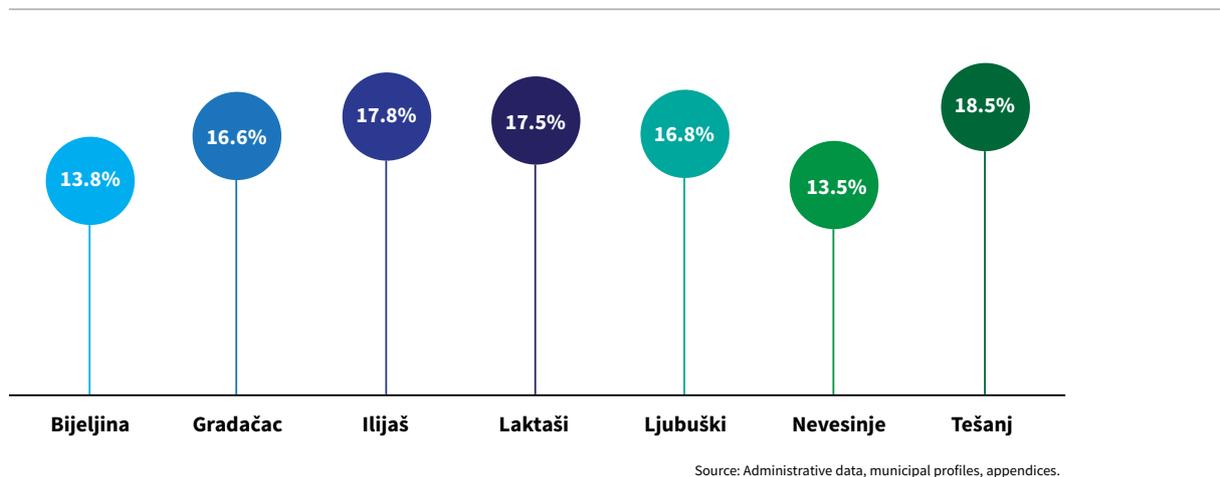
The figure below shows that sports, arts and leisure groups recorded increases in membership up from 7 per cent in 2009 to 17 per cent in 2019. This was followed by an increase in membership of women’s organisations and pensioners’ organisations up from 4 per cent to 11 per cent. Political party membership registered a one percentage point increase in the last decade up from 6 per cent to 7 per cent.

Figure 90. Membership of civic organisations in 2009 and 2019



Low levels of political party membership were also found in the data collected from administrative sources, presented in the appendices. The figure below shows the share of voters younger than 30 years of age within the sample municipalities.¹⁶¹

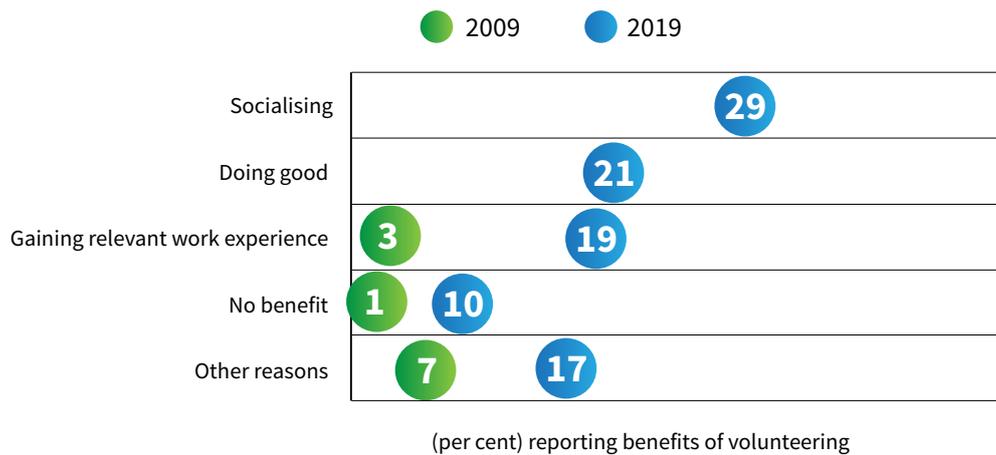
Figure 91. Share of voters younger than 30 years of age and administrative data and municipal profiles



The reasons for volunteering have also changed over the past decade. The figure below shows that volunteering in order to socialise or for altruistic motives increased to 44 per cent in 2019 compared to 29 per cent and 21 per cent respectively in 2009. Gaining work experience was an important motivation for volunteering in 2009 whereas those who reported gaining experience as a benefit of volunteering had dropped to just 3 per cent in 2019.

¹⁶¹ For a more in-depth study of political participation among the youth see Dušanić, S., Siniša Lakić and Vladimir, Friedrich Ebert Stiftung, 2017. Available from <https://library.fes.de/pdf-files/bueeros/sarajevo/13990.pdf>.

Figure 92. Perceived benefits of volunteering in 2009 and 2019



Source: NHDR 2009 and 2019 surveys.

This shift appears to offer a glimmer of hope in terms of the increase in the number of people (albeit of a small sample) who were motivated to volunteer in order to benefit other members of their community as well as to expand their network of social contacts. An earlier study found that ethnic diversity among personal contact networks was a relevant factor in generating greater volunteer engagement during the flooding in Bosnia and Herzegovina in 2014.¹⁶² In a post-conflict society, especially when its members feel that they can only rely on their immediate family or close personal relationships, participation in activities that can expand their contacts and allow them to build their trust in the broader community is a positive first step, even if such communities have become more homogeneous. Local authorities can support the revival of trust in communities by encouraging community initiatives and responding to the concerns of such groups and by ensuring that social and public services and activities are open to all members of the community.¹⁶³

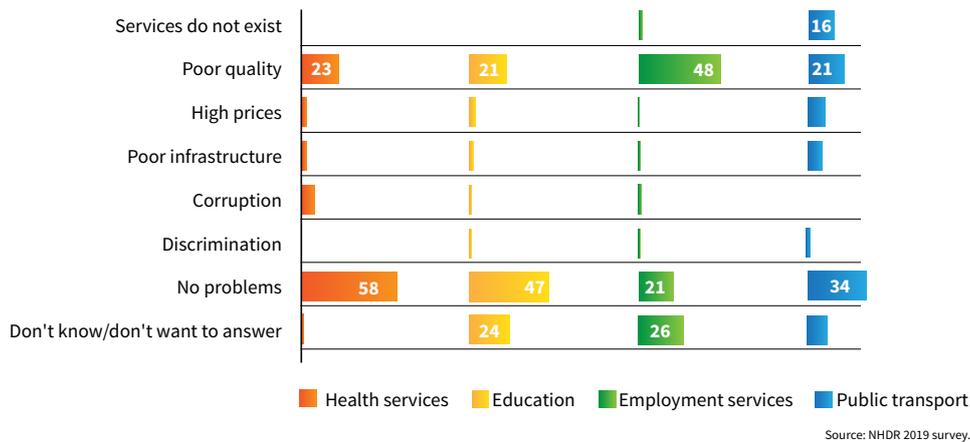
3.3.3 Assessment of local services

The 2019 National Human Development Report survey asked the respondents for their assessment of local services. Figure 92 below highlights the local residents' assessment of public and social services in their communities. When asked about the major social and public services, 48 per cent of the respondents reported that employment services in their locality were of poor quality. When assessing health services, education and public transport 23 per cent, 21 per cent and 21 per cent of the respondents respectively marked these services as of poor quality.

162 Efendić, A., 'The role of economic and social capital during the floods in Bosnia and Herzegovina', 2018, in *Crisis Governance in Bosnia and Herzegovina, Croatia and Serbia. The Study of Floods in 2014*, V. Džihic and M. Solska, eds. (Bern, Peter Lang, pp. 125-149).

163 See Dušanić, S., Siniša Lakić and Vladimir Turjačanin, 2017.

Figure 93. Assessments of health services, education, employment services and public transport in 2019



Given the heterogeneity among the selected municipalities, the assessment of services varied across the municipalities. In Bijeljina and Gradačac about one-third of respondents assessed health services as being of poor quality. In Ljubuški half of the respondents reported that health services in the municipality were of poor quality. Interestingly, respondents in Nevesinje did not consider health services particularly problematic. However, the respondents in Nevesinje unanimously considered the services provided by the employment offices to be of poor quality. Similar to their health service assessments, respondents in Bijeljina considered employment services to be of poor quality. In Tešanj and Ljubuški 79 per cent and 53 per cent of respondents respectively considered the services provided by the employment offices to be of poor quality.

Figure 94. Assessment of health services in 2019

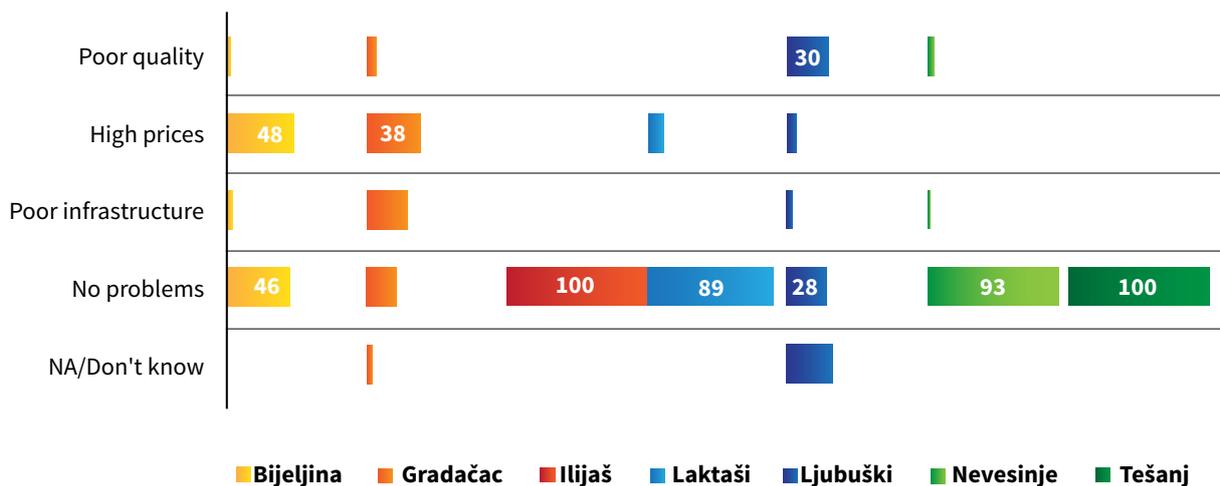
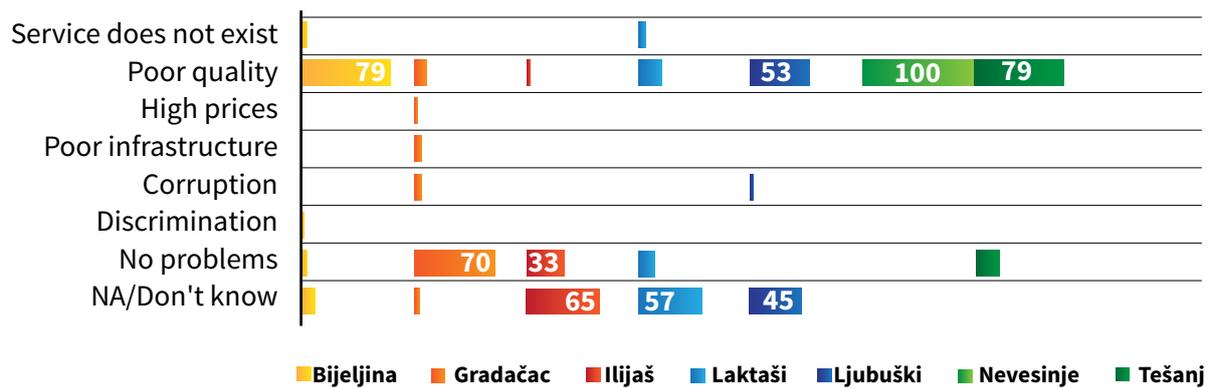


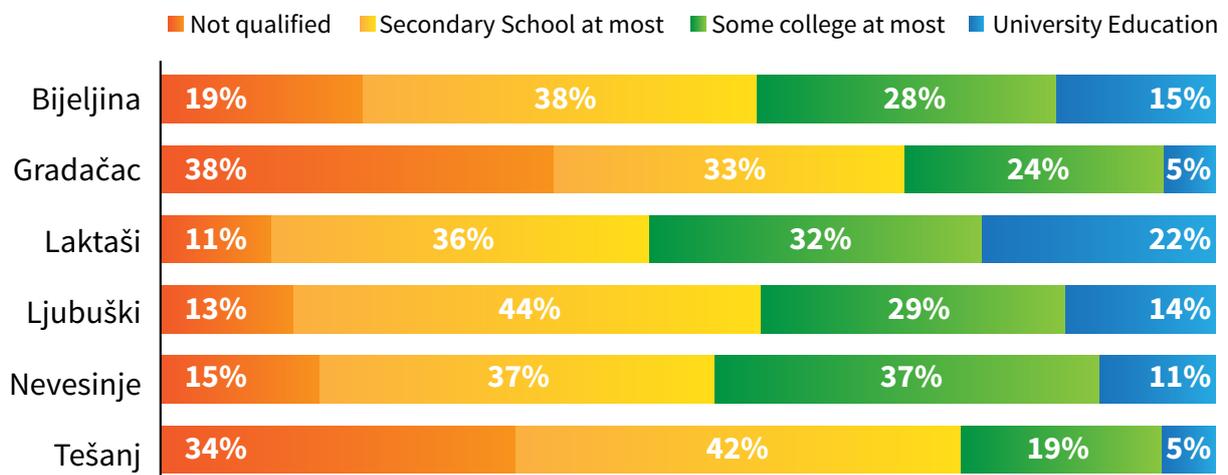
Figure 95. Assessment of employment services in 2019



Source: NHDR 2019 survey.

The responses in Bijeljina, Nevesinje and Tešanj highlighted the composition of unemployed in accordance with the level of education. The data collected from administrative sources on the level of unemployment according to the level of education showed that more than half of the registered unemployed persons in Bijeljina, Nevesinje and Tešanj had at most a secondary school level education. A different result was recorded in Gradačac where most of the respondents assessed employment services relatively well with more than 70 per cent of the unemployed having at best a secondary school education.

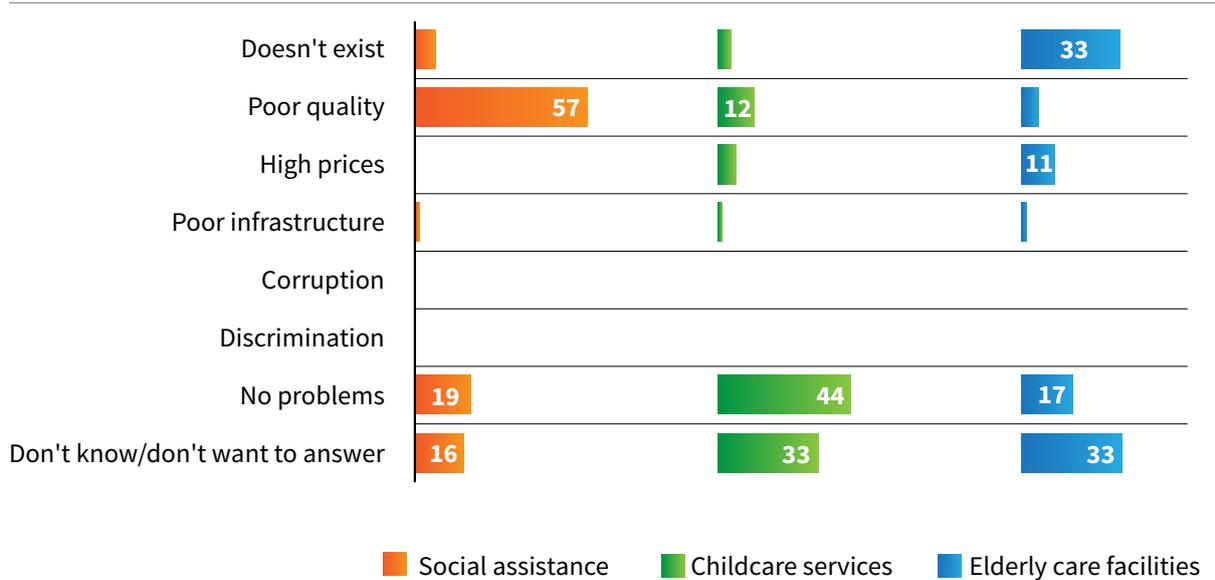
Figure 96. Unemployment according to level of education and administrative data and municipal profiles



Source: Administrative data, municipal profiles, appendices.

In addition to public services, the survey asked the respondents to assess social services such as social assistance, childcare and facilities for the care of the elderly. In relation to the available social assistance services, the respondents' assessments predominantly found them to be of poor quality. When it came to facilities for care of the elderly, 33 per cent of respondents reported that such facilities did not exist in their locality and 57 per cent of the respondents assessed social assistance services to be of poor quality.

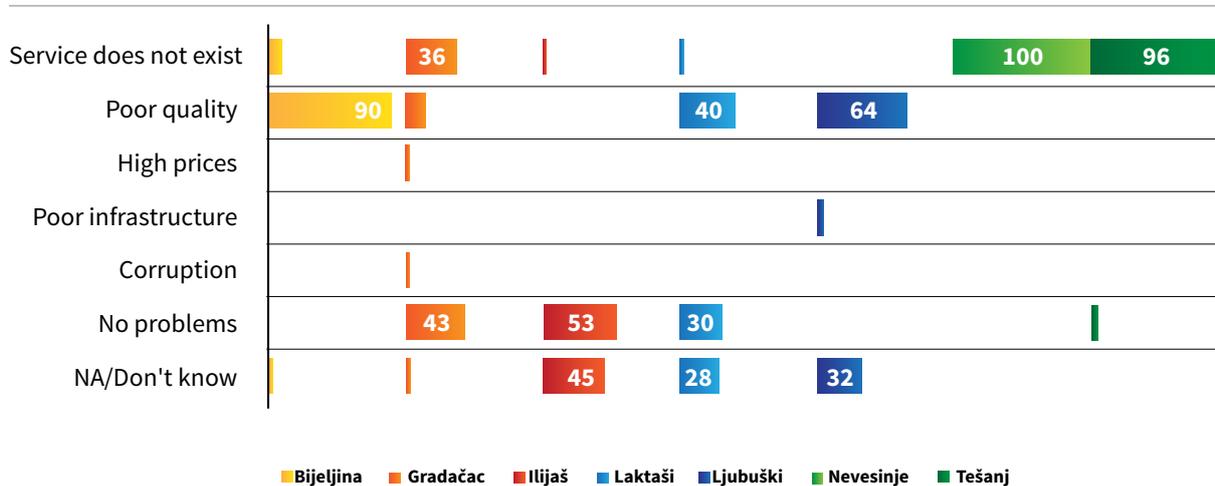
Figure 97. Assessment of social assistance, childcare services and elderly care facilities in 2019



Source: NHDR 2019 survey.

As in the case of the assessment of public services, the overall assessment of social care services masks the differences across the municipalities. For example, in Nevesinje all of the respondents and in Tešanj 96 per cent of the respondents reported that such services did not exist in their locality and in Bijeljina and Ljubuški 90 per cent and 64 per cent of respondents respectively assessed social assistance services to be of poor quality.

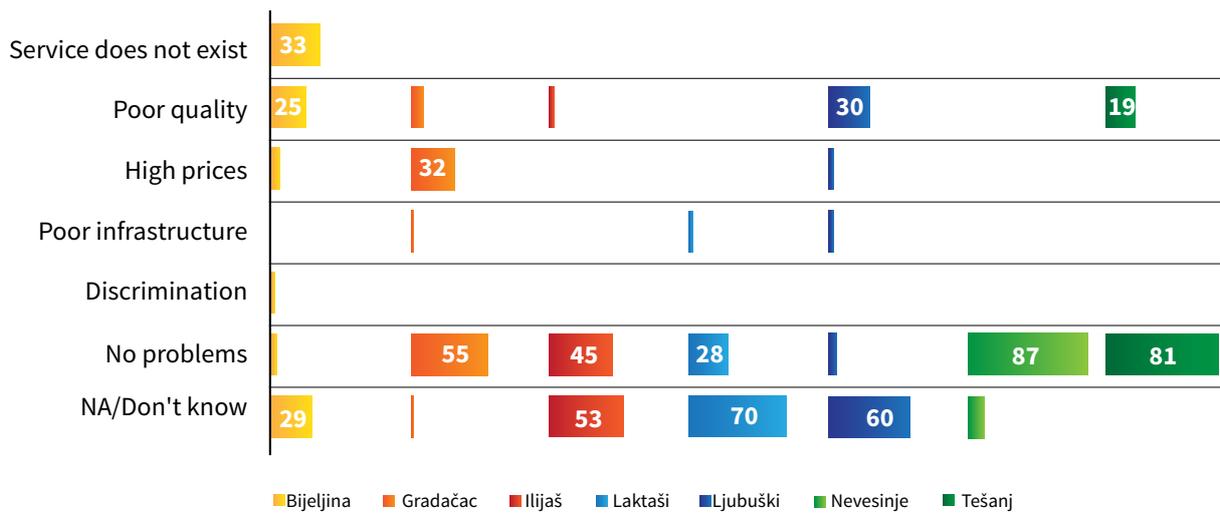
Figure 98. Assessment of social assistance in 2019



Source: NHDR 2019 survey.

The assessment of childcare services was somewhat more positive: 81 per cent of respondents in Tešanj and 87 per cent in Nevesinje assessed childcare services as having no problems in terms of service quality, while around one-third of respondents in Bijeljina reported that childcare services did not exist in their local area.

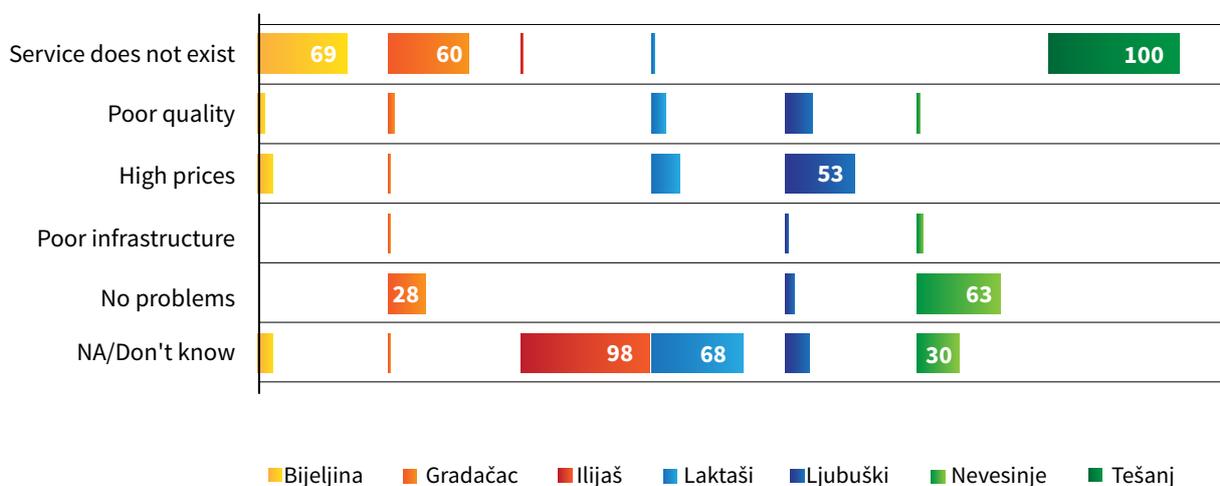
Figure 99. Assessment of childcare services in 2019



Source: NHDR 2019 survey.

Many of the residents in Bijeljina and Gradačac and all of the respondents in Tešanj reported that their locality had no facility to care for elderly residents. In Ljubuški the service existed but the respondents assessed the service as expensive. In Ilijaš and Laktaši the respondents reported that they did not know enough to comment on facilities for the care of the elderly.

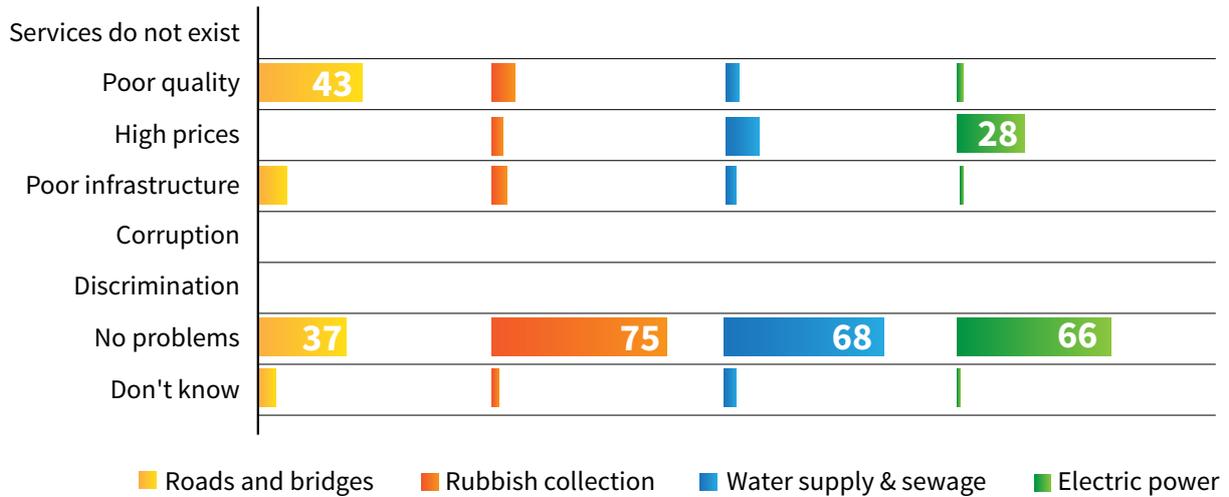
Figure 100. Assessment of facilities for the care of the elderly in 2019



Source: NHDR 2019 survey.

The respondents' assessment of utilities was relatively less problematic than their assessment of the provision of public and social services. Many of the respondents reported that no problems existed in relation to the provision of utilities in their communities. Yet the respondents assessed maintenance of roads and bridges mostly as being of poor quality.

Figure 101. Assessment of utilities in 2019



Source: NHDR 2019 survey.

These negative assessments are hardly surprising given the information provided in the preceding chapter on the inadequate funding and limitations placed on the services provided by the public employment services and the centres for social welfare, the lack of appropriate care institutions for people with disabilities and the elderly as well as the lack and underfunding of and difficulty in accessing non-contributory social benefits. More striking is the wide variation across communities in terms of their level of satisfaction and the broad level of agreement among community representatives when it came to their highest priority problems and the need for action.

Chapter 4

CONCLUSIONS AND RECOMMENDATIONS

Before proposing methods to address some of the gaps described above, it is important to take a brief look at some of the underlying forces that produced them. The descriptions of Bosnia and Herzegovina cited below are drawn from a large body of studies on post-socialist political structures in the Western Balkans. While analysed from the perspective of different disciplines and focused on different sectors, many assessments of the state of Bosnia and Herzegovina are remarkably similar.

"Bosnia and Herzegovina is a fractured ... state because of the pervasive sectarian tensions among the representatives of the country's respective 'constitutive peoples'; the Bosniak, Serb, and Croat political elites. ... Each of Bosnia and Herzegovina's territorial and political fragments is administered like a patrimonial fiefdom by these same elites.

[...there is] a deeply symbiotic relationship between the respective ... cliques in Bosnia and Herzegovina. While their professed conceptions of the Bosnian polity are, essentially, mutually incompatible, Bosniak, Serb, and Croat ethnic-based leaders have an almost identical conception of power ... by definition incompatible with democratic norms or governance.

Bosnia and Herzegovina's economy is defined by cronyism and corruption. The administrative state in Bosnia and Herzegovina is the means by which political elites reward their base; by providing jobs, peddling permits, and (formal and informal) pardons for their clients."¹⁶⁴

"The case of Bosnia and Herzegovina demonstrates how after the war parties representing the three main ethnic groups in the country have been able to dominate economic and political systems in the territory of 'their ethnic group', while at the same time working together at the central level to ensure that the joint resources are shared equally between the main parties. The lack of party competition across ethnic lines and power-sharing institutions that support extreme and exclusive political positions as well as a lack of the rule of law have further contributed to the current situation in Bosnia and Herzegovina."¹⁶⁵

"In Bosnia and Herzegovina the Dayton Agreement created a structure that put a premium on ethno-national control in the electoral system and virtually all levels of governance, via the territorial administrative division in the country and the legitimization of the notion of three constituent peoples within these sub-state units ... the development of public administration systems that have served as an opportunity

164 Mujanović, J (2017).

165 Hulse, J (2018).

to stock one's 'own' within the pool, according to ethno-national and/or party lines; and privatization processes which uniformly unfolded in a non-transparent and often closed manner, [underpin the] building an elite capable of entrenching and reproducing."¹⁶⁶

"... the legally prescribed ethnic representation in public administrations limits the development of a merit-based civil service ... [and] serves as an entry point for the politicization of civil services, especially its leading positions. Public employment based on political party membership, family and other personal affiliation is primarily maintained by exerting political influence over the public administrations' select committees. ... in Bosnia and Herzegovina ... employment in public administrations was more merit-based in 2005 than today."¹⁶⁷

As the politicised nature of the public administration and the fragmentation of state institutions continue to reinforce each other, service delivery and infrastructure in Bosnia and Herzegovina have suffered across the board. Weber notes the negative impact on the healthcare and agricultural sectors and singles out Bosnia and Herzegovina for having, "one of the worst transport infrastructures in the Western Balkan region."¹⁶⁸

A 2016 study of the transportation infrastructure in Bosnia and Herzegovina provides detailed evidence of this assessment.¹⁶⁹ The study demonstrates that instead of rebuilding and expanding existing cross-national transport routes the road building plans in Republika Srpska and the Federation of Bosnia and Herzegovina duplicate them, rerouting travellers within their own territory away from areas populated by the other ethnicity.

"These entity-level initiatives [as opposed to federation level] are antagonistic and compete for limited resources. (...) parallel structures are slowly being established.

While regional development policy is typically a process strengthening the territorial integrity and cohesion of a State (e.g. the cohesion policy of the EU or national policies, e.g. the Lisbon Treaty), in Bosnia it contributes to the integrity of the entities, since it follows their territorial objectives. Also, because the ethnic elite applies an ethnically ethnic-based system of goals, regional policies also increase the centrifugal forces of Bosnia, instead of being integrative in character.

This means that in the case of access to public goods and ... most important decisions [involving] the operation of institutional structures, the ethnic principle becomes dominant and decisive, at both the personal and community level, as opposed to the citizenship/legal principle. This covers education, social systems, different types of benefits and the selection process for government jobs as well as development policy. In the latter case, this is primarily apparent when the 'end beneficiary' of regional development is the ethnic nation [and the territory thereof] instead of the State [and its civic nation]."¹⁷⁰

166 Džankić, J., 2018.

167 Weber, B., 2017.

168 Ibid.

169 Remenyi, P., A. Végh and N. Pap, 2016.

170 Remenyi, P., et al., 2016.

The results of the municipal survey conducted as part of this report suggest that the practice of separating the population into 'semi-homogeneous territorial units' governed by 'political parties determined along ethnic lines' by ethnic elites acting to retain their hold on power by increasing the insecurity and isolation of their populations has been effective at the local level.

By comparing the responses to questions on the number and frequency of cross-ethnic social contact in the 2009 and 2019 surveys, we found a pattern of reduced contact more expressed today than ten years ago. Despite encouraging counter evidence, such as the demonstrations conducted in Jajce by secondary school pupils in 2016 to prevent the ethnic segregation of their school, we also found evidence of fewer contact among the respondents in our sample under the age of 40 than those over the age of 40. Responses on the number and frequency of social contact with non-family members also reflected a marked decline over the last decade.

If we accept the results of these surveys, then the options identified by Hirschman in his classic study of dysfunctional institutions and polities¹⁷¹ can serve to sort the logical categories of response. Namely, 'loyalty' to the ethnic national parties to ensure access to their patronage, 'voice' exercised through the political and electoral process and 'exit'. The effects that the fragmented public administration and of cronyism and patronage have on access to employment, to justice, to social goods and services can also be a factor in the decision by an increasing number of citizens of Bosnia and Herzegovina to seek a better life for themselves and a better future for their children abroad.

As illustrated by the migration charts in section 2.1.2 above, despite a gradual improvement in the economy after 2014 increasing numbers of citizens of Bosnia and Herzegovina with portable skills, who may have found loyalty to political patrons either unpalatable or unavailable, continued to choose the 'exit' option.

"The administrative and real unemployment rates of 32.9 and 15.7 per cent respectively reflect the continued decline in unemployment. The growing population drain, according to the estimate of the Union for Sustainable Return that as many as 30,000 people left Bosnia and Herzegovina in the first six months of 2019, is likely among the factors accounting for the unemployment decline."¹⁷²

Recommendations

In this section, we suggest policies for consideration, public discussion and future action. All of the below recommendations are supported by SDG indicators and contribute to the achievement of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals. The recommendations include numerous mutually reinforcing cross-linkages introduced in the order of the sections of the report and noting linkages to other sectors.

4.1 Education

The purpose of a mandatory public education system is to ensure that all members of society have the skills needed to function as informed members of society and to support themselves as workers in the labour market. It also serves employers by providing a labour force already prepared to learn the specialised knowledge required to perform in their future employment. As a key element in the

171 Hirschman, A. O., 1970.

172 Inzko, V., 2019.

achievement of Agenda 2030, coordination among the United Nations programmes and agencies, the World Bank and other national and international actors in support of the ministries of education in Bosnia and Herzegovina and other national actors will be essential for achieving the proposed reforms. This is also linked directly to increasing the participation of women and youth in the formal labour market and strengthening the social insurance systems.

Early childhood education and preschool are vital in preparing children to learn. Targeted outreach to integrate children with disabilities, disfavoured minorities and at-risk families into early learning together with their peers encourages all children to remain in school and to succeed in reaching their education goals.

Recommendations

MEASURE	PRIORITY	RESPONSIBILITY
Ensure free transportation is available to all primary school pupils as well as midday school meals and textbooks to improve social inclusion of children from vulnerable groups.	Immediate	Municipalities and the education authorities
Establish an inter-sectorial commission for the National Qualifications Framework. ¹⁷³	Immediate	Education authorities
Ensure a fully functional system of re-accreditation of higher education institutions across the country.	Immediate	Education authorities and academia
Invest in digital connectivity for every child and increase the quality of e-learning. Continue improving access to e-learning and ensure there are no out-of-school children and youth.	Immediate	Education authorities and the municipalities
Identify and support teachers who lack digital skills and provide them with resources for improving their digital skills and the quality of e-teaching.	Immediate	Education authorities
Ensure equitable funding for education. Review current per pupil funding levels for primary and secondary education. Establish a needs-based coefficient for pupils with disabilities.	Medium-term	Education authorities and the municipalities
End ethnically segregated education. Create a set of guidelines for inclusive education. Ensure social inclusion at all stages of education.	Medium-term	Education authorities and the municipalities

¹⁷³ According to the UNESCO-UNEVOC definition, the National Qualifications Framework (NQF) is a formalised structure in which learning level descriptors and qualifications are used in order to understand learning outcomes. It is the system that records the credits assigned to each level of learning achievement in a formal way to ensure that the skills and knowledge are recognised throughout the country. NQF also includes a set of principles and guidelines by which records of learner achievement are registered in order to enable national recognition of acquired skills and knowledge, thereby ensuring an integrated system that encourages life-long learning. It also allows for the ability to develop, assess and improve quality education in a number of contexts. 47 countries participating in the Bologna Process are committed to producing a National Qualifications Framework.

Create an affordable early childhood education system through universal affordable high quality day care. Establish a nationwide system of licensed day care centres.	Medium-term	Education authorities and the municipalities
Ensure mandatory pre-primary education. Ensure investment in accessible preschool education.	Medium-term	Education authorities and the municipalities
Ensure equitable access to secondary education. Ensure free public transportation for all secondary school pupils.	Medium-Term	Education authorities and the municipalities
Develop a Vocational Education and Training Strategy that addresses labour market needs.	Medium-term	Education authorities, municipalities, labour unions and employers groups
Develop and implement youth strategies across the country.	Medium-term to long-term	Education authorities and the municipalities
Create access to alternate means of completing school and expand access to equivalent general education and apprenticeship programmes.	Medium-term to long-term	Education authorities and the municipalities
Develop curriculum and teacher training reforms. Reform initial teacher education needs in line with developed qualification and occupational standards.	Medium-term to long-term	APOS0, education authorities, national education specialists and NGOs and teachers and parents' organisations
Align legislation at all levels with the EU Framework laws on education, particularly in terms of mandatory application of the Common Core Curriculum.	Medium-term to long-term	Education authorities and academia

4.2 Health

In response to the chronic problems with the existing healthcare and health insurance financing systems, including exclusion or inadequate coverage of the socially vulnerable, both entities pledged that reforms of health sector financing would be in place by the end of 2022. The pledge to shift the financing of health insurance from the current arrangement of multiple health insurance funds to the budget authority in each entity is included in these reforms together with the pledge to reduce the level of beneficiary monthly contributions. The latter could resolve the problem of unsustainable public employment services and that of the centres for social welfare funded contributions described in this report.

The initial steps under the reform programme were undertaken in January 2020; however, it is not yet clear what effect the current and proposed interventions in response to the COVID-19 pandemic will have on the healthcare systems and the reform agenda. Thus, recommendations for this sector could be overtaken by developing events.

MEASURE	PRIORITY	RESPONSIBILITY
Ensure the shifting of health insurance funding to the entity budgets. Initiate a consolidation of the registrations of all those currently insured into one comprehensive database in each entity. Initiate outreach to and registration of all those who are not currently covered by health insurance.	Immediate	Health authorities and the finance authorities
Undertake a comprehensive review of the existing healthcare institutions and providers as well as regulatory bodies responsible for licensing, oversight and monitoring of professional standards.	Immediate	Health authorities
Establish national and entity standards for doctors and the patient-hospital bed ¹⁷⁴ and time-and-distance to emergency care services ratios. ¹⁷⁵	Immediate	Relevant ministries with inputs from national experts
Perform in-depth research into out-of-pocket health expenses and use the results to adjust social assistance in order to reduce inequity in access to health protection and broaden insurance coverage.	Immediate to medium-term	Relevant ministries with inputs from national experts and specialised NGOs
Prioritise programmes in primary healthcare, including options for the development of telemedicine. ¹⁷⁶	Immediate to medium-term	Relevant ministries with inputs from national experts
Implement health sector reform based on best international practice in order to ensure short and long-term financial sustainability whilst keeping the universal open access system. Create a task force to oversee the development of a medium-term plan for providing high quality public healthcare to all throughout the territory of Bosnia and Herzegovina.	Medium-term	Health authorities with input from the schools of medicine, professional medical bodies and representatives of patients' rights organisations

¹⁷⁴ The World Health Organization has promulgated the desirable doctor-population ratio as 1:1,000.

¹⁷⁵ Increased journey distance to hospital appears to be associated with increased risk of mortality.

¹⁷⁶ This recommendation is in reference to the NHDR section that elaborates on the impact of COVID-19 and its negative effect on the health system. Furthermore, the rise in demand for telemedicine among citizens has also been confirmed by the UNDP and UNICEF Social Impacts of COVID-19: Household Survey wherein 33 per cent of respondents chose telemedicine as their preferred digital service due to the reduced access to services and healthcare. This research confirmed that 13 per cent of respondents had unmet health needs that did not arise from COVID-19, 24 per cent could not access primary health services, 18 per cent hospitals and 10 per cent mental health services. These gaps could be breached by telemedicine.

4.3 Labour markets

As described in this report, the formal labour market in Bosnia and Herzegovina has been unable to integrate large numbers of the youth, the old, women, people with disabilities, disfavoured minorities and other members of vulnerable groups. The recommendations address some of these shortcomings, although not all by far.

MEASURE	PRIORITY	RESPONSIBILITY
Conduct a review of the public employment services. Revise the responsibilities and work methods of the public employment services and provide adequate funding to shift their primary tasks from administrative work to work with unemployed beneficiaries.	Immediate	Relevant ministries and authorities and the Government of Brčko District
Introduce flexible and part-time employment into the labour legislations, without loss of entitlement to social benefits.	Immediate	Relevant ministries and authorities and the Government of Brčko District
Develop, update, adopt and timely implement a credible mid-term recovery plan with greater emphasis on public investment, based on mid-term arrangements with the IMF and other IFIs. Revise strategic documents such as the Bosnia and Herzegovina Economic Reform Programme (ERP 2020–2022) and the Joint Socio-Economic Reforms 2019–2022 within the context of COVID-19.	Immediate to mid-term	Relevant ministries and authorities with input from think tanks and national experts
Develop and adopt a comprehensive countrywide employment strategy in line with the EU orientation and ILO standards.	Immediate to mid-term	Relevant ministries, authorities and municipalities
Create measures and mechanisms to ensure better coordination of active labour market policies with the social assistance programmes in order to ensure the smooth inclusion of beneficiaries into the labour market.	Immediate to mid-term	Relevant ministries, authorities and municipalities
Promote social dialogue at all levels and the conclusion of general collective agreements.	Immediate to mid-term	Relevant ministries, authorities, the Government of Brčko District, ILO, Labour unions and employers groups

<p>Develop an integrated initiative to improve access to employment in the formal economy, increase social insurance coverage and add revenue to the local tax base to fund services. Design specific measures for vulnerable workers (youth, women and informal workers) and devise a long-term plan for tackling informality in line with international labour standards and particularly ILO Recommendation 204 concerning the Transition from the Informal to the Formal Economy.</p>	<p>Medium to long-term</p>	<p>Relevant ministries, authorities and the Government of Brčko District</p>
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4.4 Social protection

Despite the many gaps identified in the social assistance system in Bosnia and Herzegovina, such as the rigid eligibility requirements and the onerous means testing documentation, the centres for social welfare and their ability to respond to the needs of their clients, the most burning need for reform in the area of social protection relates to the strengthening of the capacities of the centres for social welfare. They remain the entry point for accessing the care, counselling and benefits to which the socially vulnerable are legally entitled in both entities and in Brčko District.

MEASURE	PRIORITY	RESPONSIBILITY
<p>Ensure adequate funding and staffing of the centres for social welfare and improve coordination with other relevant agencies.</p>	<p>Immediate to mid-term</p>	<p>Relevant ministries, authorities, municipalities and social service providers</p>
<p>Reform the social assistance targeting system so that the benefits are based on needs and not on the status of beneficiaries. Define the monetary social security minimum.</p>	<p>Immediate to mid-term</p>	<p>Relevant ministries, authorities, municipalities and social service providers</p>
<p>Develop and adopt new action plans on child protection at the entity level.</p>	<p>Immediate to mid-term</p>	<p>Relevant ministries, institutions, CSWs and NGOs</p>
<p>Ensure uniform child benefits. Review the unequal access to child benefits currently prevailing in the FBiH and replace it with a uniform benefit based on a set proportion of the locally prevailing cost of living.</p>	<p>Immediate to mid-term</p>	<p>Relevant ministries, institutions and CSWs</p>
<p>Promote foster care and alternative solutions for children without parental care. Provide support measures to children leaving care institutions at the age of 18.</p>	<p>Immediate to mid-term</p>	<p>Relevant ministries, institutions, CSWs and specialised NGOs</p>
<p>Develop social policy and employment policy, under the SAA.</p>	<p>Immediate to mid-term</p>	<p>Relevant state and entity ministries, the Government of Brčko District and NGOs</p>

Implement the recommendations of the United Nations Committee on the Rights of Persons with Disabilities from 2017.	Immediate to mid-term	Relevant state and entity ministries, the Department in Brčko District and NGOs
Improve the protection and inclusion of vulnerable groups. Create mechanisms for collecting exact and consistent data on child poverty rates and violence against all children, including children with disabilities, Roma children, and girls.	Immediate to mid-term	Relevant state and entity ministries, the Department in Brčko District, the statistical offices, the Roma Committee and NGOs
Eliminate the excess administrative burden within the social protection system by improving the Management Information System and the development of digitalised social services.	Medium-term	Relevant ministries, authorities and municipalities
Ensure uniform maternity entitlements. Introduce a uniform minimum level of maternity leave benefits and protection throughout the country, starting by harmonising the definitions of maternity, paternity and parental leave.	Medium term	Relevant ministries, institutions, the labour unions and employers groups
Reform the unemployment benefits system in a way that will make it more inclusive (non-contributory).	Medium-term	Relevant ministries, institutions, the labour unions and employers groups
Create a network of adult day care and respite care facilities for people with disabilities and elderly persons in need of care.	Medium-term	Entity ministries, the Department in Brčko District, municipal and city administrations, CSWs and NGOs
Where feasible, consider legislative changes related to the implementation of fiscal equalisation mechanisms.	Medium to long-term	Relevant state and entity ministries, the Government of Brčko District and NGOs

4.5 Public finance and inequality

The system of taxation in Bosnia and Herzegovina lacks a redistributive mechanism. Indirect taxation revenue is distributed based on the relative amounts collected. High social insurance contributions are a significant disincentive to participation in the formal labour market and blanket VAT is a major burden on poor and vulnerable household budgets. VAT is common among the countries of the EU; however, specific categories of social goods are excluded in the vast majority of these countries. In Bosnia and Herzegovina the only significant exclusion is for the diplomatic corps. The policy discussions recommended below provide an opening for an equity based re-examination of the tax system and its social impact.

MEASURE	PRIORITY	RESPONSIBILITY
Create and discuss a proposal for VAT exclusion categories. Conduct a review of the VAT exclusion categories prevalent in a representative sample of EU and Western Balkan countries as the basis for proposing a list of categories for exclusion from VAT as part of the current fiscal discussion. Institute a public discussion process involving national experts and relevant NGOs and parent and citizen interest groups.	Immediate to medium-term	Relevant ministries and authorities, including the ministries of finance, municipalities, national NGOs and think tanks, the IMF and the World Bank
Create a local Cost-of-Living Index. A local cost-of-living adjusted minimum income should be established in both the Republika Srpska and the Federation of Bosnia and Herzegovina and social assistance payments should be brought up to at least that level. Establish a research team of national experts to explore options for establishing standards and for identifying funding mechanisms.	Immediate to medium term	Relevant ministries, authorities, municipalities, the World Bank, national NGOs and think tanks
Prepare a study on earned income tax credits. Evaluate the cost and poverty reduction effectiveness of instituting an earned income tax credit to bring individuals in full or part-time formal employment up to the annual local cost-of-living adjusted minimum income.	Immediate to medium term	Relevant ministries, authorities, municipalities, the World Bank, national NGOs and think tanks

<p>Revise the indirect taxation distribution formula. Initiate a collaborative study involving national experts at universities and research institutes with technical support from international and bilateral development actors to study the feasibility and effectiveness of options for an equitable needs-based distribution of indirect taxation revenue.</p>	<p>Medium-term</p>	<p>Relevant ministries and authorities, including the ministries of finance, municipalities, national NGOs and think tanks, the IMF and the World Bank</p>
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Annex 1

Bosnia and Herzegovina Social Protection Laws and Budget Sources

The Law on Social Protection (Official Gazette of Republika Srpska No. 37/12) defines the assistance to be provided to persons in need and the measures for the prevention and mitigation of such a state. Its measures and activities are intended to create, "conditions for providing a protective function for the family, conditions for independent life and work of persons in the state of need or for their activation in accordance with their abilities, to provide livelihood for materially unsecured persons and persons unable to work, as well as to other citizens in the state of need, and to provide other forms of social protection" (paragraph 3 of Article 2 of the Law on Social Protection).

The government of Republika Srpska and the units of local self-government bear the responsibility for its implementation. The government regulates the social protection system, adopts policies and development strategies, establishes rights and criteria, identifies beneficiaries, allocates a portion of funds for execution of rights, monitors the situation and execution of rights, establishes and guides the work of social protection institutions and ensures optimal development of social protection within the framework of economic and social policy. The units of local self-government adopt their own annual and medium-term social protection programmes on the basis of analysis of the social situation of inhabitants on their territory. They adopt decisions on the augmentation of rights and other documents that regulate requirements for access to rights and measures envisaged by the decisions and programmes, allocate funding for implementation of these activities, establish and ensure the operation of social protection institutions, coordinate social protection activities in their territory, establish working bodies for social protection and perform other tasks aimed at achieving the goals of social protection.

The Constitution of the Federation of Bosnia and Herzegovina, (under Article 2 of the Chapter 'Human Rights and Fundamental Freedoms'), among other things, establishes the rights to social protection, the protection of families and children and to nourishment. As per Article 12 of the 1999 Law on the Foundations of Social Protection, Protection of Civilian Victims of War and Protection of Families with Children, beneficiaries of social protection are persons in a situation of social needs as defined in the Article. Yet no mechanism was established to guarantee that a given right can be exercised in the entire territory of the Federation of Bosnia and Herzegovina, unless regulated by entity Law and funded by the federal budget.

Under the Law, social policy is a shared competence of the Federation of Bosnia and Herzegovina and the cantons yet its implementation is exclusively under the competence of the cantons and the funds are to be provided by the budgets of the cantons and municipalities or other sources. While the Law permits the cantons to expand the scope of beneficiaries of social protection through their own regulations in line with the programmes for development of social protection and the particular circumstances in each canton in accordance with their economic capacity, as a rule, the cantons have not expanded the scope of beneficiaries, while the primary factor in the availability of services has been the economic capacity of the cantons and municipalities.

From Papic, et al., June 2013, *Non-contributory Cash Benefits for Social Protection in Bosnia and Herzegovina and Gassmann, F., et al., June 2013, What Works and What Does Not*, Maastricht University.

Non-contributory cash transfers

Federation of Bosnia and Herzegovina		
Type of benefit	Type	Budget source
Military invalidity allowance	R	Ministry of Veterans
Survivor dependents	R	Ministry of Veterans
Demobilised soldiers allowance	R	Ministry of Labour/Cantons
Medal holders	R	Ministry of Veterans
Miscellaneous	R	Ministry of Veterans
Social assistance	M	Cantons
Child benefits	M	Cantons
Non-war invalids	R	Ministry of Labour
Civilian victims of war	R	Ministry of Labour
Miscellaneous		
Republika Srpska		
Military invalid and survivor	R	Ministry of Veterans
Special supplement	R	Mo Ministry of Veterans
Medal holders allowance	R	Ministry of Veterans
Miscellaneous		
Social assistance	M	Ministry of Welfare/Municipality
Child benefits	M	Ministry of Welfare/Fund
Miscellaneous	M	Ministry of Welfare

R = Rights based; M = Means tested

Social Assistance: According to Federation of Bosnia and Herzegovina legislation, cantonal social protection laws set the amounts and criteria for regular social assistance, while in Republika Srpska the entity legislation determines the amount based on family size and income. Eligibility for a permanent cash benefit may be awarded to a person with no other source of income, no family support network and no ability to work. One-off social assistance is also provided on an as-needed basis to persons in temporary difficulty. Receipt of this benefit does not constitute an entitlement to regular benefits. These benefits are means tested.

Child Protection Allowance: Entity legislation prescribes means tested benefits in cash and in-kind for a mother and child.

Non-war invalidity benefit (NWI) and disability benefits: Federation of Bosnia and Herzegovina legislation gives the right to benefits on the basis of the physical disability of an individual, regardless of their means and/or employment status. These benefits are rights based and are particular to the Federation of Bosnia and Herzegovina.

Civilian Victims of War (CVW): Federation of Bosnia and Herzegovina legislation gives the right to benefits on the basis of an individual's physical disability (or relationship status to a deceased person who could be classified as a CVW), regardless of their means and/ or employment status. These benefits are rights based and are particular to the Federation of Bosnia and Herzegovina.

From the World Bank, *Social Transfers in Bosnia and Herzegovina: Moving towards a more sustainable and better targeted safety net*, 30 April 2009, Policy Note, pages 13 and 68.

The correct Ministry titles are as follows:

Department of Social, Family and Child Protection, Ministry of Health and Social Welfare, Republika Srpska.

Department of Social Welfare and Protection of Families and Children, Federal Ministry of Labour and Social Policy, Federation of Bosnia and Herzegovina.

Social Insurance is governed by the Law on Pension and Disability Insurance in Republika Srpska and the Law on Pension and Disability Insurance in the Federation of Bosnia and Herzegovina.

According to the Law in the Federation of Bosnia and Herzegovina, the rights from pension and disability insurance are a) the right to an old-age pension, b) the right to a disability pension, c) the rights of insured persons with changed working capacity, d) the right based on physical disability and e) the right to a survivor's pension.

Compensation for physical disability is a cash benefit derived from pension and disability insurance because of physical disability caused as a result of an injury at work or an occupational disease.

In the case of disability, an insured person determined as being under category I) the category of disability

'loss of working capacity' is insured through a disability pension, while insured persons under category II) the category of disability 'changed working ability' are ensured the right to be reassigned to another appropriate job, i.e. the right to appropriate employment, retraining or additional training, and the right to appropriate cash benefits in connection with the use of these rights.

1. When the first category of disability has been determined an insured person has the right to a disability pension if a) the disability was caused by an injury at work or an occupational disease, regardless of the length of pensionable service, and b) if the disability was caused by an injury outside of work or through illness, provided that before the onset of the disability he or she had completed a pension covering at least one third of the period of from at least 20 years of age to the date of the disability (hereinafter, working life), including working life to full years.

2. An insured person with a category I disability up to the age of 30 years acquires the right to a disability pension if the disability was caused by an injury outside of work or through illness, provided that he or she has completed a pension length of service covering at least one third of his or her work. century, but at least one year of insurance experience.

The cash benefit for physical disability is determined according to the percentage of physical disability and is expressed in the appropriate percentage of the bases and amount as shown below:

Physical disability	Rank	The amount of money expressed as a percentage of the basis
100%	1	60%
90%	2	54%
80%	3	48%
70%	4	42%
60%	5	36%
50%	6	30%
40%	7	24%
30%	8	18%

A) The Law on Pension and Invalidation Insurance *Zakon o penzijskom I invalidskom osiguranju* in the Federation of Bosnia and Herzegovina ('Official Gazette of the Federation of Bosnia and Herzegovina', nos. 13/2018 and 93/2019). The Law on Pension and Invalidation Insurance in Republika Srpska *Zakon o penzijskom I invalidskom osiguranju* ('Official Gazette of Republika Srpska', nos. 134/2011, 82/2013, 96/2013 and 103/2015).

Annex 2

United Nations SDG Indicators and Social Inclusion Indicators

SDG Indicators –

The 17 Sustainable Development Goals (SDGs) and their 169 related targets, which are at the heart of the United Nations 2030 Agenda for Sustainable Development, provide a new worldwide policy framework aimed at ending all forms of poverty, fighting inequality and tackling climate change whilst ensuring that no one is left behind.

What is the EU answer to the SDGs?

Sustainable development objectives have been at the heart of European policy for a long time and are firmly anchored in the European treaties (Articles 3 (5) and 21 (2) of the Treaty on the European Union) and mainstreamed through key crosscutting projects, sectorial policies and initiatives. The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015 have given new impetus to global efforts to achieve sustainable development. The EU, in coordination with its Member States, is committed to support the implementation of the 2030 Agenda and to strive toward a sustainable future for all. The EU's answer to the 2030 Agenda is outlined in the European Commission's Communication from 22 November 2016 'Next steps for a Sustainable European future - European action for sustainability'.

Source: <https://ec.europa.eu/eurostat/web/sdi/overview>

The EU SDG set of indicators

		Indicator name	Unit(s)
Goal 1. End poverty in all its forms everywhere			
1	01_10	People at risk of poverty or social exclusion	Percentage of the population per thousand persons
1	01_20	People at risk of income poverty after social transfers	Percentage of the population per thousand persons
1	01_30	Severely materially deprived people	Percentage of the population per thousand persons
1	01_40	People living in households with very low work intensity	Percentage of employed persons aged 18 or over
1	01_41	In work at-risk-of-poverty rate	Percentage of employed persons aged 18 or over
1	01_60	Population living in a dwelling with a leaking roof, damp walls, floors or foundation or rot in window frames or floor	Percentage of the population i. total ii. below 60 per cent of the median equalised income iii. above 60 per cent of the median equalised income

Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture			
2	02_10	Obesity rate	Percentage of the population aged 18 or over i. overweight (BMI>25) ii. pre-obese (BMI 25-30) iii. obese (BMI>30)5-30) iii. obese (BMI>30)
2	02_20	Agricultural factor income per annual work unit (AWU)	Index 2010 = 100 and chain linked volumes (2010) in EUR
2	02_30	Government support for agricultural research and development	Million EUR and EUR per capita (current prices)
2	02_40	Area under organic farming	Percentage of total utilised agricultural area (UAA)
2	New	Harmonised risk indicator for pesticides (HRI1)	Index 2011-2013 = 100
2	02_60	Ammonia emissions from agriculture	Tonnes and kilograms per hectare of utilised agricultural area (UAA)
Goal 3. Ensure healthy lives and promote well-being for all at all ages			
3	New	Healthy life years at birth	years i. total ii. males iii. females
3	03_20	Share of people with good or very good perceived health	Percentage of population aged 16 or over i. total ii. males iii. females
3	03_30	Smoking prevalence	Percentage of population aged 15 or over i. total ii. males iii. females
3	03_41	Death rate due to tuberculosis, HIV and hepatitis	The number per 100,000 persons i. total ii. males iii. females
3	New	Avoidable mortality	The number per 100,000 persons aged below 75 i. total ii. males iii. females
3	03_60	Self-reported unmet need for medical care	Percentage of population aged 16 and over i. total ii. males iii. females
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all			
4	04_10	Early leavers from education and training	Percentage of population aged 18 to 24 i. total ii. males iii. females

4	04_20	Tertiary educational attainment	Percentage of the population aged 30 to 34 i. total ii. males iii. females
4	04_30	Participation in early childhood education	Percentage of children between 4 years of age and the starting age for compulsory education i. total ii. males iii. females
4	04_40	Underachievement in reading, maths and science	Percentage of students aged 15 i. reading ii. maths iii. science
4	04_50	Employment rate among recent graduates	Percentage of the population aged 20 to 34 with at least upper secondary education i. total ii. males iii. females
4	04_60	Adult participation in learning	Percentage of the population aged 25 to 64 i. total ii. males iii. females
Goal 5. Achieve gender equality and empower all women and girls			
5	05_10	Physical or sexual violence women experienced within 12 months prior to the interview	Percentage of women i. age 15-74 ii. age 18-29 iii. age 30-39 iv. age 40-49 v. age 50-59 vi. age 60+
5	05_20	Gender pay gap in unadjusted form	Percentage average gross hourly earnings of men
5	05_30	Gender employment gap	Percentage points
5	05_40	Inactive population due to caring responsibilities	Percentage of the population inactive aged 20 to 64 i. total ii. males iii. females
5	05_50	Seats held by women in national parliaments and governments	Percentage of seats i. national parliaments ii. national governments
5	05_60	Senior management positions held by women	Percentage of positions i. board members ii. executives

Goal 6. Ensure the availability and sustainable management of water and sanitation for all			
6	06_10	Population having neither a bath, a shower or an indoor flushing toilet in their household	Percentage of the population i. total ii. below 60 per cent of median equalised income iii. above 60 per cent of median equalised income
6	06_20	Population connected to at least secondary wastewater treatment	Percentage of the population
6	06_30	Biochemical oxygen demand in rivers	mg O2 per litre
6	06_40	Nitrate in groundwater	mg NO3 per litre
6	06_50	Phosphate in rivers	mg PO4 per litre
6	06_60	Water Exploitation index, plus (WEI+)	Percentage of long-term average available water (LTAA)
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all			
7	07_10	Primary and final energy consumption	Million tonnes of oil equivalent and index 2005 = 100
7	07_20	Final energy consumption in households per capita	kg of oil equivalent
7	07_30	Energy productivity	Chain linked volumes (2010) in EUR and PPS per kg of oil equivalent
7	07_40	Share of renewable energy of gross final energy consumption	Percentage i. all sectors ii. transport iii. electricity iv. heating and cooling
7	07_50	Energy import dependency	Percentage of imports in total energy consumption i. all products ii. solid fossil fuels iii. total petroleum products iv. natural gas
7	07_60	Population unable to keep their home adequately warm	Percentage of the population i. total ii. below 60 per cent of median equalised income iii. above 60 per cent of median equalised income
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all			
8	08_10	Real GDP per capita	Chain linked volumes (2010) in EUR and the percentage change on the previous year

8	08_11	Investment share of GDP	Percentage of GDP i. total investment ii. business investment iii. government investment iv. households investments
8	08_20	Young people not in employment, education or training (NEET)	Percentage of the population aged 15 to 29 i. total ii. males iii. females
8	08_30	Employment rate	Percentage of the active population i. total ii. males iii. females
8	08_40	Long-term unemployment rate	Percentage of the active population i. total ii. males iii. females
8	08_60	People killed in accidents at work	Number per 100,000 employees
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation			
9	09_10	Gross domestic expenditure on R&D	Percentage of GDP i. total ii. business enterprise sector iii. government sector iv. higher education sector v. private non-profit sector
9	New	Human resources in science and technology	Percentage of the active population
9	09_30	R&D personnel	Percentage of the active population i. total ii. business enterprise sector iii. government sector iv. higher education sector v. private non-profit sector
9	09_40	Patent applications to the European Patent Office (EPO)	Total number and number per million of inhabitants
9	09_50	Share of busses and trains in total passenger transport	Percentage of total inland passenger kilometres i. all collective transport modes ii. trains iii. motor coaches, buses and trolley busses
9	09_60	Share of rail and inland waterways in total freight transport	Percentage of total inland in tonnes per kilometres i. all railways and inland waterways ii. railways iii. inland waterways

Goal 10. Reduce inequality within and among countries			
10	10_10	Purchasing power adjusted GDP per capita	PPS (current prices), index EU28 = 100 and the coefficient of variation
10	10_20	Gross disposable income of households per capita	PPS (current prices), index EU28 = 100 and the coefficient of variation
10	10_30	Relative median at-risk-of-poverty gap	Percentage distance to the poverty threshold
10	10_41	Income distribution	Quintile share ratio
10	10_50	Income share of the bottom 40 per cent of the population	Percentage of income
10	10_60	Asylum applications	Number per million inhabitants i. first time application ii. positive first instance decision
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable			
11	11_10	Overcrowding rate	Percentage of the population i. total ii. below 60 per cent of median equivalised income iii. above 60 per cent of median equivalised income
11	11_20	Population living in households considering that they suffer from noise	Percentage of the population i. total ii. below 60 per cent of median equivalised income iii. above 60 per cent of median equivalised income
11	11_31	Settlement area per capita	Square meters per capita
11	11_40	People killed in road accidents	The number per 100,000 persons
11	11_50	Exposure to air pollution by particulate matter	µg/m ³ i. particulates <2.5µm ii. particulates <10µm
11	11_60	Recycling rate for municipal waste	Percentage of total waste generated
Goal 12. Ensure sustainable consumption and production patterns			
12	12_10	Consumption of hazardous and non-hazardous chemicals	Million tonnes i. hazardous and non-hazardous - total ii. hazardous to health iii. hazardous to environment
12	12_20	Resource productivity and domestic material consumption (DMC)	EUR (chain linked volumes, 2010) per kg DMC; index 2000 = 100; PPS per kg DMC and thousand tonnes DMC
12	12_30	Average CO ₂ emissions per km from new passenger cars	g CO ₂ per km
12	12_41	Circular material use rate	Percentage of total material usage

12	12_50	Generation of waste excluding major mineral wastes	kg per capita i. hazardous and non-hazardous - total ii. hazardous iii. non-hazardous
12	New	Value added in terms of environmental goods and the service sector	Chain linked volumes (2010) in EUR
Goal 13. Take urgent action to combat climate change and its impacts			
13	13_10	Greenhouse gas emissions	Index 1990 = 100 and tonnes of CO2 equivalent per capita
13	13_20	Greenhouse gas emissions intensity of energy consumption	Index 2000 = 100
13	13_30	Mean near surface temperature deviation	Degree Celsius (annual/decadal) of global and European temperature deviation i. HadCRUT4 ii. GISSTEMP iii. NOAA Global Temp
13	13_40	Climate-related economic losses	Million EUR (current prices) i. all events ii. meteorological events iii. hydrological events iv. climatological events
13	13_50	Contribution to the international 100bn USD commitment on climate related expending	Million EUR (current prices)
13	13_60	Population covered by the Covenant of Mayors for Climate and Energy signatories	Million persons and the percentage of the population
Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development			
14	14_10	Surface of marine sites designated under NATURA 2000	km2
14	14_21	Estimated trends in fish stock biomass	i. Number of fish stocks assessed ii. Index 2003 = 100
14	14_30	Assessed fish stocks exceeding fishing mortality at maximum sustainable yield (Fmsy)	i. Number of assessed fish stocks ii. Number of overfished fish stocks iii. Percentage of overfished fish stocks iv. Model based mean value of all assessments
14	14_40	Bathing sites with excellent water quality	Number and percentage of bathing sites i. coastal water ii. inland water
14	14_50	Mean ocean acidity	pH value

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss			
15	15_10	Share of forest area	Percentage of total land area i. all forest area FAO ii. forest FAO iii. other wooded land FAO
15	15_20	Surface of terrestrial sites designated under NATURA 2000	km2
15	15_41	Soil Sealing Index	Index 2006 = 100, percentage of total surface and km2 of sealed surface
15	15_50	Estimated soil erosion by water - area affected by severe erosion rate	km2 and percentage of potential erosive area
15	15_60	Common bird index	Index 2000 = 100 and index 1990=100 i. all common species ii. common farmland species iii. common forest species
15	15_61	Grassland butterfly index	Index 2000 = 100 and index 1990 = 100
Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels			
16	16_10	Death rate due to homicide	Number per 100,000 persons i. total ii. males iii. females
16	16_20	Population reporting occurrence of crime, violence or vandalism in their area	Percentage of the population i. total ii. below 60 per cent of median equivalised income iii. above 60 per cent of median equivalised income
16	16_30	General government total expenditure on law courts	Million EUR and EUR per capita (current prices)
16	16_40	Perceived independence of the justice system	Percentage of the population i. very good or fairly good ii. very good iii. fairly good iv. very bad or fairly bad v. very bad vi. fairly bad vii. unknown
16	16_50	Corruption Perceptions Index	Score scale of 0 (highly corrupt) to 100 (very clean)
16	16_60	Population with confidence in EU institutions	Percentage of the population i. European Parliament ii. European Commission iii. European Central Bank

Goal 17. Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development			
17	17_10	Official development assistance a share of gross national income	per cent of GNI (at current prices)
17	17_20	EU financing to developing countries	Million EUR (current prices) i. total ii. official development assistance iii. grants by NGOs iii. private flows iv. other official flows v. officially supported export credits
17	17_30	EU imports from developing countries	Million EUR (current prices) i. DAC countries ii. least developed countries iii. lower middle income countries iv. other low income countries v. upper middle income countries excl. China vi. China (excl. Hong Kong)
17	17_40	General government gross debt	Percentage of GDP and million EUR (current prices)
17	17_50	Shares of environmental and labour taxes in total tax revenues	Percentage (current prices) i. environmental taxes ii. labour taxes

Source: https://ec.europa.eu/eurostat/documents/276524/10369740/SDG_indicator_2020.pdf

Social Inclusion Indicators

The objective of the Social Inclusion strand of the Open Method of Coordination is to have a "decisive impact on the eradication of poverty" by ensuring access to the resources and rights needed for participation in society, the active inclusion of all and well-coordinated social inclusion policies.

Source: <https://ec.europa.eu/eurostat/web/employment-and-social-inclusion-indicators/social-protection-and-inclusion/social-inclusion>

List of indicators	Source*
<i>Primary indicators</i>	
At-risk-of-poverty rate	Eurostat/ EU-SILC
At-risk-of-poverty threshold	Eurostat/ EU-SILC
Persistent at-risk-of-poverty rate	Eurostat/ EU-SILC
Relative median at-risk-of-poverty gap	Eurostat/ EU-SILC
Long-term unemployment rate	Eurostat/ LFS
People living in jobless households	Eurostat/ LFS
Early leavers from education and training	Eurostat/ LFS
Employment gap of immigrants	Eurostat/ LFS

Material deprivation rate	Eurostat/ EU-SILC	
Housing	-	
Self-reported unmet need for medical care	Eurostat/ EU-SILC	
Utilisation of medical care services	Eurostat/ EU-SILC	
Child well-being	-	
Impact of social transfers	Eurostat/ EU-SILC	
In-work at-risk-of-poverty rate	Eurostat/ EU-SILC	
<i>Secondary indicators</i>		
At-risk-of-poverty rate by household type	Eurostat/ EU-SILC	
At-risk-of-poverty rate by the work intensity of the household	Eurostat/ EU-SILC	
At-risk-of-poverty rate by most frequent activity status	Eurostat/ EU-SILC	
At-risk-of-poverty rate by tenure status	Eurostat/ EU-SILC	
Dispersion around the at-risk-of-poverty threshold	Eurostat/ EU-SILC	
At-risk-of-poverty rate of children living in households at work	Eurostat/ EU-SILC	
Persons with low educational attainment	Eurostat/ LFS	
Low reading literacy performance of pupils	OECD/ PISA	
Depth of material deprivation	Eurostat/ EU-SILC	
Housing cost overburden rate by: <ul style="list-style-type: none"> • sex; • age group; • poverty status; • income quintile; • tenure status; • degree of urbanisation; • household type. 	Eurostat/ EU-SILC	
Overcrowding rate (total population) by: <ul style="list-style-type: none"> • sex; • age group; • poverty status; • tenure status; • degree of urbanisation; • household type. 	Eurostat/ EU-SILC	
Overcrowding rate (population without single-person households) by sex, age group and poverty status	Eurostat/ EU-SILC	
Housing deprivation by item	Eurostat/ EU-SILC	
Impact of social transfers by age	Eurostat/ EU-SILC	
Population living in jobless household	Eurostat/ EU-LFS	
<i>Context indicators</i>		
Inequality of income distribution - S80/S20 income quintile share ratio	Eurostat/ EU-SILC	
Inequality of income distribution - Gini coefficient	Eurostat/ EU-SILC	
Regional cohesion: dispersion in regional employment rates	Eurostat/ LFS	

Healthy life expectancy and life expectancy at birth and at age 65	Eurostat/ EU-SILC and others	
At-risk-of-poverty rate anchored at a fixed moment in time (2008)	Eurostat/ EU-SILC	
At-risk-of-poverty rate before social transfers, except pensions	Eurostat/ EU-SILC	
Jobless households by main household types	Eurostat/ LFS	
In-work at-risk-of-poverty rate	EC-OECD tax-benefit model	
Making work pay indicators <ul style="list-style-type: none"> • unemployment trap • inactivity trap (especially second earner case) • low-wage trap 	EC-OECD tax-benefit model	
Net income of social assistance recipients as a percentage of the at-risk of poverty threshold for 3 jobless household types	EC-OECD tax-benefit model, Eurostat/ EU-SILC	
Self-reported limitations in daily activities by income quintiles (activity restriction for at least the past 6 months)	Eurostat/ EU-SILC	
Median of the housing cost burden distribution (median share of housing cost) by <ul style="list-style-type: none"> • sex, age group and poverty status • degree of urbanisation 	Eurostat/ EU-SILC	

Source: <https://ec.europa.eu/eurostat/web/employment-and-social-inclusion-indicators/social-protection-and-inclusion/social-inclusion>.

Annex 3

Data Sources

Section I.

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Section II.

Section 2.1 Population

1. UN DESA, World Population Prospects 2019 - <https://population.un.org/wpp/>.
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4. Federal Office of Statistics for the Entity of the Federation of Bosnia Herzegovina Statistics Institute and the Republika Srpska Institute of Statistics.
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Section 2.2 Education

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2. Agency for statistics of Bosnia and Herzegovina, Education Statistics Bulletins.
3. UNICEF MICS Reports - https://mics-surveys-prod.s3.amazonaws.com/MICS4/Europe/percent20and percent20Central per cent20Asia/Bosnia per cent20and percent20Herzegovina/2011-2012/Final/Bosnia per cent20and per cent20Herzegovina per cent202011-12 per cent20MICS_English.pdf.

Section 2.3 Health

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2. Federal Office of Statistics for the Entity of the Federation of Bosnia Herzegovina Statistics Institute, life tables.
3. Republika Srpska Institute of Statistics, health statistics for 2017 and 2018.
4. Public Health Institute of Republika Srpska, Analysis of Population Health in Republika Srpska 2017.
5. Eurostat - <https://ec.europa.eu/eurostat/home?>
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7. United Nations SDG website - <http://www.sdg.org/#catalog>.
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9. Republika Srpska Institute of Statistics, Statistical Yearbook of Republika Srpska, 2018 and 2019.
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11. Federal Office of Statistics for the Entity of the Federation of Bosnia Herzegovina Statistics Institute, Statistical Year Book, 2018.
12. Population: Mid-year estimates provided by the Federal Office of Statistics for the Entity of the Federation of Bosnia Herzegovina.
13. WHO Regional Office for Europe.
14. NHDR Survey 2019.
15. United Nations Open SDG Indicators database - <http://www.sdg.org/>.

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1. Eurostat - <https://ec.europa.eu/eurostat/web/social-protection/data/database>.
2. Central Bank of Bosnia and Herzegovina, government finance statistics - <https://www.cbbh.ba/Content/Read/8?lang=en>
3. Agency for Statistics of Bosnia and Herzegovina, Labour Force Survey 2017.
4. Federation of Bosnia and Herzegovina Pension and Disability Fund, October 2019 Bulletin. Republika Srpska Pension and Disability Fund 2019.
5. EC Economic and Financial Affairs - https://europa.eu/economy_finance/db_indicators/tab/.
6. Agency for Statistics of Bosnia and Herzegovina, Social Welfare, 2013– 2018.

2.5 Labour Market

1. World Development Indicators - <http://datatopics.worldbank.org/world-development-indicators/>.
2. Agency for Statistics of Bosnia and Herzegovina Demography and Social Statistics Bulletin, Labour Force Survey 2018 and 2019.
3. Agency for Statistics of Bosnia and Herzegovina, Labour Force Survey 2017.

2.6 Inequality

1. Eurostat.
2. World Inequality Database - <https://wid.world/>.

Chapter 4

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