

## ■ BOSNIA AND HERZEGOVINA

# Social Exclusion in Bosnia and Herzegovina

Valentina Pellizzer

One World Platform for South East Europe and Network for Building Peace<sup>1</sup>

The social, political and economic portrait of Bosnia and Herzegovina (BiH) shows a country undergoing a difficult transition to a market economy, ruled by an irresponsible political elite and by global organisations such as the International Monetary Fund, World Bank and various European Union bodies active in its territory. Bosnia and Herzegovina, with its 14 political and administrative decision-making centres<sup>2</sup>, remains unable to address the needs of vulnerable groups of citizens and is incapable of transforming the numerous declarations, statements, ratified conventions, policies, strategies and action plans into reality – and lacks the political will to do so.

### Policy and legislation

In 2001, Bosnia and Herzegovina, with the support of the World Bank and the United Nations Development Fund (UNDP), addressed the issue of poverty reduction in its first Poverty Reduction Strategy Paper (PRSP). At the same time, the issue of social exclusion emerged on the agenda of BiH institutions, politicians and civil society on the path to EU accession. In 2007, UNDP released a National Human Development Report on Social Inclusion, which provided a foundation for the development of a government social inclusion strategy (UNDP 2007a). The next step was the establishment of the first Medium-Term Development Strategy (MTDS/PRSP) 2004–2007 and a Social Inclusion Strategy (SIS) for 2008–2013. The Government of Bosnia and Herzegovina is currently working on two strategic documents: the Country Development

Strategy and Mid-term Review of the Social Inclusion Strategy.

### Key domestic actors

Institutions responsible for poverty reduction policy and combating social exclusion are the Directorate for Economic Planning BiH, the Ministry of Finance and Treasury BiH and the Ministry of Civil Affairs BiH (national level); the Ministry of Social Policy of the Federation BiH and the Ministry of Health and Social Welfare of the Republic of Srpska (entity level); and the various statistical agencies as expert bodies for the provision of baseline information and benchmarks. Involved in the process, although not directly responsible, are the Council of Ministers BiH, the Ministry of Justice BiH, the Directorate for European Integration BiH, and the Ministry of Human Rights and Refugees BiH.

Civil society organisations have been involved in social inclusion and poverty reduction in Bosnia and Herzegovina for years, and, even if not consulted by the Government, have been monitoring government activities and lobbying for the implementation of social inclusion policies. Worthy of mention is the Social Inclusion Foundation, which will be the mechanism for the involvement of NGOs and will fund medium and small organisations active in the area of social inclusion in the territory of Bosnia and Herzegovina. The first round of funding disbursed more than 1.2 million convertible mark (KM) (€600,000) to 21 organisations. The Foundation's further development is supported by the Swiss Agency for Development and Cooperation, Soros Foundation and the European Union. The Foundation is starting a new funding cycle, which should positively impact on the sustainability of small and medium NGOs in Bosnia and Herzegovina, as well as on transparency and the standard of NGO management.

Another organisation working in the area of social inclusion is the Center for Civil Initiatives, which monitors the actions of institutions. The Centre is conducting a campaign to support the inclusion of Roma people in the labour market and another for the allocation of a percentage of lotto and other gamble revenue to civil society organisations for relevant social projects.

### Social exclusion in Bosnia and Herzegovina

As part of its preparations for accession to the EU, Bosnia and Herzegovina must harmonise national social policies with the EU definition of social inclusion. This implies the use of the

five elements of the 'Open Method of Coordination': (i) common goals, (ii) national action plans (NAPs) for social inclusion, (iii) joint inclusion memorandum (JIM), (iv) joint social inclusion reports and social exclusion indicators (Laeken indicators), and (v) exchange of experiences.

In the second draft of the Development Strategy of BiH (for PRSP 2003–2007), the Government defined poverty as:

*[T]he term 'poverty' is applied in the sense of insufficient revenues for purchase a minimum basket of goods and services. Today we take that poverty manifests itself in various ways, including lack of income and assets to ensure sustainable livelihood, hunger, malnutrition, poor health, limited or no access to education and other basic services, increased mortality, including mortality from illness; homelessness and inadequate housing conditions, unsafe environments, social discrimination and isolation. Non participation in decision-making in the civil, social and cultural life of the community [is] also an essential characteristic of the negation of human rights. Multidimensionality of poverty as a phenomenon that enables us to think about it as a state characterized by permanent or chronic deprivation of resources, capabilities, choices, security and power necessary for an adequate standard of living and the realization of other civil, economic, political, cultural and social rights. (Second draft material Development Strategy, PRSP 2003–2007)*

This broad definition applies the EU definition of the two key terms – social exclusion and (its opposite) social inclusion – to the local context in Bosnia and Herzegovina. The implementation of social inclusion strategies and measures in Bosnia and Herzegovina should particularly focus on sectors such as education, employment, social protection, housing, healthcare and rural development (UNDP 2007a).

UNDP's National Human Development Report 2007 shows that a massive 50% of the population of Bosnia and Herzegovina suffer from various form of social exclusion and the poverty rate is at 18%. Based on a study by Borislav Brozek conducted in 2008, among those living at risk of poverty there are some that are living under the absolute poverty line (on less than USD 1 per day): in the Federation BiH 4.2%; in the Republic of Srpska 13.1%; and

1 Network for Building Peace (MIM) is an informal network of 36 civil society organisations, mainly from BiH, but also a few international organisations, working in all parts of the country that united in February 2010 to promote constructive conflict transformation and peace-building strategies to political stakeholders and citizens to contribute to democratic stabilisation, reconciliation and the development of BiH.

2 Bosnia and Herzegovina has a central state and is divided into two entities: the Republic of Srpska and the Federation. These entities have their own political structure and administration. There is also the District of Brčko, under the exclusive sovereignty of the State of BiH, with a single, multi-ethnic, democratic government (Organization for Security and Co-operation in Europe 2010). This has led to a lack of agreement between the political bodies, mostly at the entity level, making it difficult for BiH to move forward in one direction.

in Brčko District 25.8% (Brozek 2009).

What emerges from the different analyses and data interpretation is that there are no sensible differences in the statistics for poverty between the Federation of BiH and Republic of Srpska. However, some indicators show that the rural population is more vulnerable, due to lack of access to education and social services, very often combined with the specific status of being a returnee or displaced person, and being a 'minority' in a country still heavily polarised around the issue of ethnicity and nationalism. This population is especially affected by the absence of agreement between institutions (mainly at the entity level) that share competence over education, healthcare and social care. As a result, many people do not have access to public healthcare services and pensions. Estimates indicate that around 20% of the population is without health insurance (Brozek 2009). Moreover, employers are not paying the contributions required by law. So, some people discover, once they retire, that they actually have no pension rights. Another preoccupying issue is that about 16.4% of employed people are poor (Brozek 2009), highlighting the fragility and social injustice within the labour market where minimum salaries are applied without incentives or provisions for worker skill improvement, keeping workers locked in a survival cycle.

Over the years, the situation has not evolved; so we reach a point where, as Steven Allen, Regional Director of UNICEF for Central and Eastern Europe and Central Asia, recently pointed out, 170,000 children in Bosnia and Herzegovina live below the poverty line, most of them coming from vulnerable social groups such as Roma or from internally displaced families (One World SEE 2010). Families with three or more children are especially vulnerable, with more than two-thirds of them living in serious poverty (One World SEE 2010). It is important when looking at these figures and groups not to forget that gender adds a transversal and intrinsically related layer of vulnerability. Women with disabilities, single mothers and girls suffer severe social exclusion in an environment where scarcity of resources is combined with a patriarchal belief system. This results in women becoming second-class citizens or second-class members of local communities (UNDP 2007b, p 43).

### **Incompetence and corruption – A strategy of 'cut and take from the poor'**

The injustice in the public sector is highlighted by the income earned by parliamentarians and ministry officials, whose salaries are 11 to 13 times higher than the average salary in Bosnia

and Herzegovina (which is €394 per month), and increasing every year. The monthly salaries of some government officials are given below (Brozek 2009):

1. Chair and Vice-Chair of House of Representatives Federation BiH is 4659 KM (€2335)
2. Chair of Political Party Club and People's Club is 4552 KM (€2281)
3. Parliamentarians and delegates is 4498 KM (€2254)

If we add the lack of control and limits on the use of public cars, telephones, subsidies for apartments and payments for attending working groups, combined with the inefficiency and incompetence generated by non-transparent employment procedures, we get the picture of a public sector that is exploiting its own country and misusing citizen's taxes and international grants and funds.

In this environment, the global economic crisis represents both a challenge and an opportunity. It is a challenge because it has led to the collapse of the private sector in Bosnia and Herzegovina, and also because of the pressure from the International Monetary Fund to reduce social guarantees and expenditure. It is an opportunity because the International Monetary Fund has requested the Government to reduce public administration expenditure. As a response to the crisis, Bosnia and Herzegovina decided to cut public expenditure by a flat 10%. This sparked protests and a call for more articulate measures that would impact on different social groups in proportion to their income. The protests of pensioners, disabled people, invalids, and workers from private and privatised enterprises went unnoticed, while the protests of ex-combatants and war veterans took precedence. On 21 April 2010, after months of promises and negotiations, a protest erupted into several hours of riots in front of the Federal Government Building in Sarajevo. Sixty people, including 22 members of the riot police, were injured in the protest. The protest was led by a group of veterans who, despite receiving the maximum privileges, did not want to accept the 10% cut. Ultimately, the cut was enforced, but ex-combatants saw their salary base increase later in the year. This situation is typical of the way authorities in Bosnia and Herzegovina have responded to the crisis and underlines its unsustainable strategy of ensuring continuity in power by buying 'social peace'.

Before the general political election in 2007, as a social support measure, ex-combatants from the war of 1992 to 1995 were entitled to receive financial support. A group of 109,000 people who fought in this war, whether for a day or the whole war, became entitled to lifelong

privileges and state contributions, with monthly allowances ranging from €150 to €1000. For the year 2008, the Ministry for Veterans and Invalids Federation of BiH had the highest budget of 407,253,864 KM (€208,225,594), followed by the Ministry of Work and Social Policy Federation of BiH, which is responsible for all the other vulnerable categories whether they are disabled, children, single mothers or unemployed, with a budget 292,494,778 of KM (€149,613,697). Other strategic ministries such as those for education and health had budgets that were 20 or more times smaller (CPI 2010b).

The lesson we learnt from this event is that a reverse strategy of 'cut and take from the poor' is being applied by authorities in Bosnia and Herzegovina to balance public finances. Despite protests, the salaries of parliamentarians have continued to increase; this small group of 120,000 (in a country of 4 million) have succeeded in having their privileges protected. To make the paradox even more striking, the average family of four members with one working member pays 757 KM (€379) in taxes and other payments annually to state budgets and public funds, despite the fact that their salary is insufficient to meet their own basic needs.

### **Recommendations**

Bosnia and Herzegovina has a long way to go to build an inclusive society. The process requires a change in the mindset of the people, an understanding of the territory as a fluid and open space where the destiny of one is related to the destiny of everyone else. It requires building a horizontal partnership against vertical hierarchical and ethnic decision lines. It requires citizens and civil society organisations to see themselves as part of a community sharing rights and obligations in a specific geographical area or sector, regardless of ethnicity, religion or sexual orientation.

When it comes to recommendations or concrete steps, it is more about strengthening and ensuring continuity than about starting something new. However, there are some main lines along which there is a need to build knowledge, understanding, participation and consensus. The following steps need to be taken to build an inclusive and just society in Bosnia and Herzegovina:

1. Increase the use of the law on access to information as a way of holding the government accountable for its policies and allocation of resources.

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