

UNITED NATIONS COMMON COUNTRY ANALYSIS BOSNIA AND HERZEGOVINA

as of 12 March 2020

Executive Summary

Bosnia and Herzegovina (BiH) is an upper-middle-income country in Southeastern Europe that is still grappling with the aftermath of a war that concluded in 1995 with the Dayton Peace Accords (DPA). The DPA – a document meant to stop the conflict but not to serve as an all-encompassing governance blueprint for a quarter of a century – established an extremely complex country structure with two entities (the Federation of BiH – comprised of 10 cantons – and Republika Srpska) and Brčko District. It also affirms an exclusive focus on constituent peoples (Bosniaks, Serbs, Croats) rather than citizens. Along with other related challenges, this equation has made the notion of a joint vision for the future of the country as well as an accompanying durable peace, elusive. In this regard, BiH continues to remain on the agenda of the UN Security Council, and is subject to the presence of various multilateral institutions, the Office of the High Representative and EUFOR Althea pending the fulfillment of the 5+2 criteria set out by the Peace Implementation Council's Steering Board in 2008.

BiH presented its application for membership of the European Union (EU) in February 2016. In its May 2019 opinion, the EU Commission described an array of structural and functional challenges that BiH would need to address on its path to Brussels, including in the development sector.

Despite BiH's commitment to the 2030 Agenda, there is no national plan for sustainable development and no strategic national priorities at this moment. However, a localized SDG Framework is expected to be adopted in the near future. BiH's long-declared intention to join the European Union has been a driver of numerous sectoral reforms. However, their systemic effects have been limited, and several attempts to amend the constitution – a precondition for opening membership talks – have failed. The complex political environment in the country, the region and beyond is also impacting BiH's efforts in this regard.

The country has a population of some 3.5 million people, according to the 2013 census. Hundreds of thousands of people have emigrated from BiH since the census, further exacerbating a demographic decline first triggered by forced wartime migration and subsequent low fertility rates. The deteriorating demographic situation has numerous implications for the sustainability of social protection systems, education, and health care. BiH does not have a policy for migration management, nor one for involving its vast diaspora in strategic development. The country is simultaneously struggling to adequately address new challenges brought on by an increase of migrants, refugees and asylum seekers since late 2017 and the onset of increased mixed-movement through BiH towards western Europe and the EU. This has tested both legislation (legal framework) and response capacity in the areas of migration and asylum.

While BiH's social protection system appears to be reasonably well-funded i.e. is comparable as a share of GDP to that of neighboring countries, it fails to reach those most in need, thus deepening inequalities and increasing the risk of people being left behind. Social protection, the education system and health care are all highly fragmented between territorial units, further diminishing access for all. Among the country's most marginalized people are Roma; wartime refugees, IDPs and minority returnees; people with disabilities; and refugees, asylum seekers and migrants from beyond Europe. Other, much larger groups such as women, rural populations, youth, and the elderly are also at risk of being left behind. Women are underrepresented in both political and economic decision-making, and re-

traditionalization and war-trauma largely exacerbate tolerance to different forms of violence. 47.2% women experienced some form of violence during their lifetime. Even though women account for 51.5% working age population in 2017, they have lower employment (24.9%) and higher unemployment rates (23.1%) than men.¹ Ubiquitous corruption in the political, development and judicial sectors, and an extremely weak rule of law (including open disregard for various decisions by the state-level Constitutional Court and the ECtHR) essentially place all of BiH's citizens at risk and with limited or no access to protection or recourse mechanisms.

BiH's economy is marked by high carbon and energy intensity and the country routinely tops the list of those with the highest air pollution levels in the world. Hydropower generation is vulnerable to hydrological extremes and, being located downstream on international rivers, it depends on transboundary cooperation. The country is at significant risk of natural and man-made hazards, with over 20% of its territory prone to flooding and more than 283,000 people exposed to very significant risk of flooding. In addition, the 2014 country-wide floods displaced scores of mapped landmines from the 1990s conflict, thus generating another layer of risk.

Due its on-going post-conflict political and development challenges, BiH contains a large presence of the international community and international armed forces – atypical for an upper middle-income country. In connection, it continues to be dependent on donor funding for its development needs. Among the major risks for achieving the 2030 Agenda are a lack of political will; unfavorable economic trends; further social polarization; complex geopolitical dynamics; the return of identity politics; a deepening demographic situation; and natural hazards and insufficient preparedness.

Disclaimer: This document is a “living document” and the information contained herein is subject to change. The assessment was made based on available research and using the most recent available data.

¹ Men employment rate: 43.2%; unemployment rate: 18.9%

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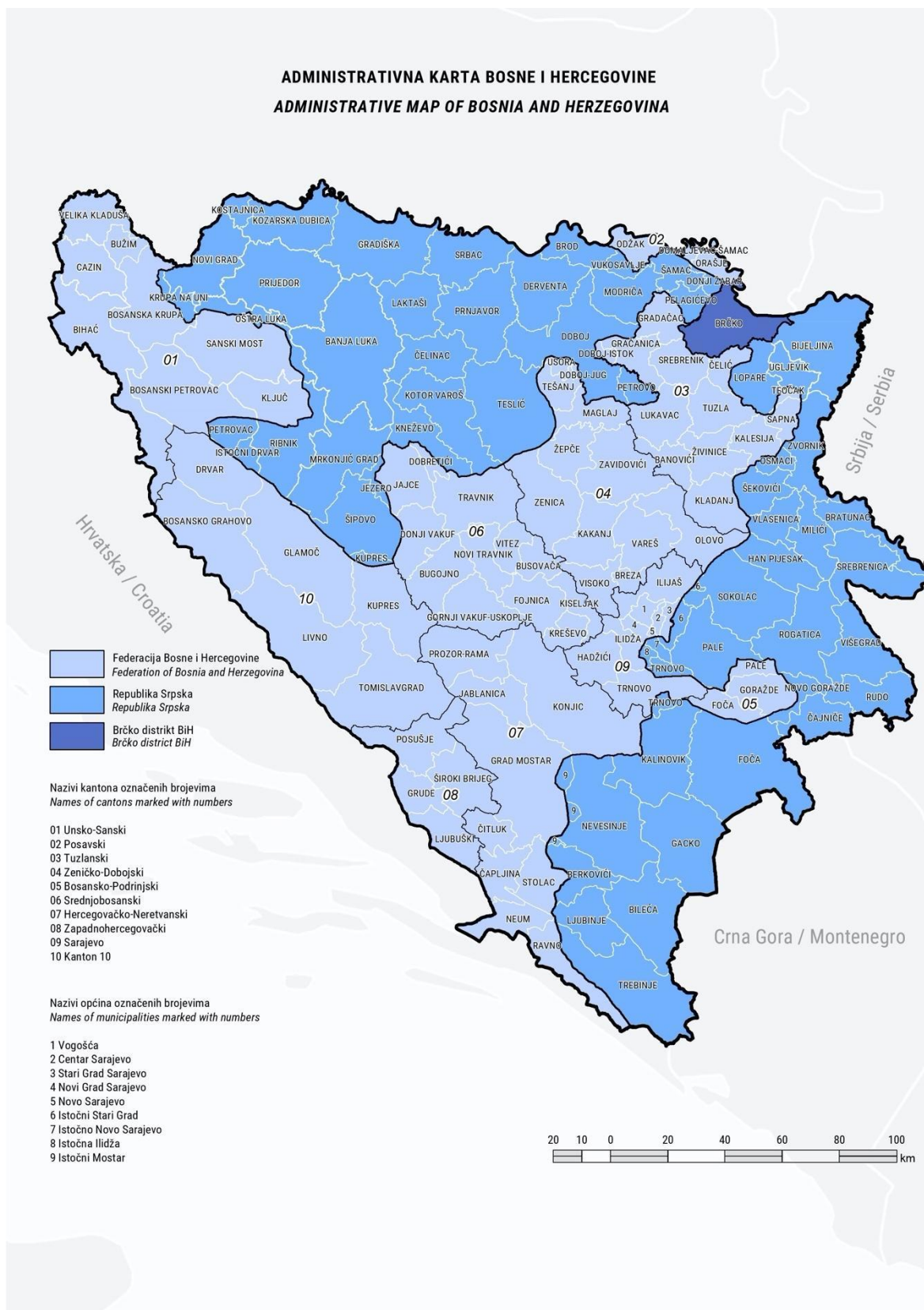
List of acronyms

APIK	Agency for Prevention of Corruption
ASF	African swine fever
BD	Brčko District
BiH	Bosnia and Herzegovina
CAD	Current account deficit
CBBH	Central Bank of BiH
CCA	Common Country Analysis
CCPR	Covenant on Civil and Political Rights
CEDAW	Committee on the Elimination of Discrimination against Women
CEPAM	Centre of Expertise on Population and Migration
CERD	Committee on the Elimination of Racial Discrimination
CESCR	Committee on Economic, Social and Cultural Rights
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CoMoCoSEE	Council of Ministers of Culture of South East Europe
Cooperation Framework	abb. for: United Nations Sustainable Development Cooperation Framework
CRPD	Convention on the Rights of Persons with Disabilities
CSO	Civil society organization
CVD	Cardiovascular diseases
DFF	Dialogue for the Future
DFID	UK Department for International Development
DPA	Dayton Peace Accords (or Dayton Peace Agreement)
DPPI-SEE	Disaster Preparedness and Prevention Initiative for South Eastern Europe
DRR	Disaster Risk Reduction
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECtHR	European Court of Human Rights
EMEP	Monitoring and Evaluation of the Long-range Transmission of Air Pollutants in Europe
EU	European Union
EUFOR	European Union Force
EUROSTAT	European Statistical Office
FAO	Food and Agriculture Organization of the United Nations
FBiH	Federation of Bosnia and Herzegovina
FDI	Foreign Direct Investments
FES Youth Study	Friedrich-Ebert-Stiftung Youth Study
GAP BiH	Gender Action Plan of BiH
GBV	Gender-based violence
GDI	Gender Development Index
GDP	Gross Domestic product

GHG	Greenhouse gas
HCBM	Human-Centered Business Model
HDI	Human Development Index
HJPC	High Judicial and Prosecutorial Council
HLPF	High-level Political Forum
ICT	Information and Communication Technologies
ICTY	International Criminal Tribunal for the former Yugoslavia
IDP	Internally Displaced Person
ILO	International Labour Organization
IMF	International Monetary Fund
INC	Initial, (Second and Third) National Communication
IOM	International Organization for Migration
IPPC	International Plant Protection Convention
IPPC	International Plant Protection Convention
IVF	In vitro fertilization
KM	Bosnian Convertible Mark
LFPR	Labor Force Participation Rate
LFS	Labor Force Survey
LGBTQI	lesbian, gay, bisexual, transgender, queer and intersex
LSD	Lumpy skin disease
M&E	Monitoring and Evaluation
MARRI	Migration, Asylum, Refugees Regional Initiative
MEAs	Multilateral environmental agreements
MEASURE-BIH	Monitoring and Evaluation Support Activity
MHRR	Ministry of Human Rights and Refugees
MICS	Multiple Indicator Cluster Survey
MICT	International Residual Mechanism for Criminal Tribunals
MMR	Measles, mumps, and rubella
NCD	Noncommunicable diseases
NGO	Non-governmental organization
NHDR	National Human Development Report
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OHR	Office of the High Representative
OIC	Organisation of Islamic Cooperation
OSCE	Organization for Security and Co-operation in Europe
PIC-SB	Peace Implementation Council's Steering Board
PISA	Programme for International Student Assessment
PPP	Purchasing power parity
PSG	Peer Support Group
PWID	People who inject drugs
RCC	Regional Cooperation Council
RIA	Rapid Integrated Assessment

RPL	Recognition of prior learning
RS	Republika Srpska
SDG	Sustainable Development Goal
SDSN	Sustainable Development Solutions Network
SEE	South-East Europe
SG	Secretary General
SILC	Statistics on income and living conditions
SMEs	Small and Medium-sized Enterprises
SPS agreement	World Trade Organization (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures
STIs	Sexually transmitted infections
TFR	Total fertility rate
TVET	Technical and Vocational Education and Training
UASC	unaccompanied and separated children
UHC	Universal Health Coverage
UHRI	Universal Human Rights Index
UN	United Nations
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women o UN Women
UNCBD	UN Convention on Biological Diversity
UNCCD	UN Convention to Combat Desertification
UNCT	United Nations Country Team
UNDESA	UN Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	UN Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
UNSCR	United Nations Security Council Resolution
UNV	United Nations Volunteers
UPR	Universal Periodic Review
USAID	United States Agency for International Development
VNR	Voluntary National Review
WG	Working group
WHO	World Health Organization

Administrative map of Bosnia and Herzegovina



Introduction

The Common Country Analysis (CCA) is an internal United Nations assessment of the context of Bosnia and Herzegovina (BiH). It provides an analytical baseline for the strategic planning and preparation of the next United Nations Sustainable Development Cooperation Framework (Cooperation Framework) for BiH for the period 2021-2025, but also policy discussions with counterparts in BiH. It examines progress, gaps, opportunities and bottlenecks vis-à-vis country's commitment to achieving the 2030 Agenda, UN norms and standards and the principles of the UN Charter. It was prepared in line with the ongoing UN reform process and the new standards for the UN strategic planning processes at the country level. The CCA is expected to be a living document updated on an annual basis reflecting the changes in the country's context and informing the potential adjustment in the Cooperation Framework in a timely and more accurate manner.

The primary objective of the CCA is to provide a collective assessment (description of a country situation) and analysis (description of causes and implications) of a country's situation. The 2019 CCA for BiH has been conducted utilizing the internal UN capacities and building upon the available UN and other analytical documentation in BiH, especially the analysis stemming from the national SDGs consultation process in 2018 and 2019. The CCA process was initiated in July 2019 as part of the preparation process for the next Cooperation Framework for BiH as outlined in the Roadmap shared with the BiH authorities in February 2019. The initial phase included collection and analysis of the relevant and available UN and other analytical documentation. It was followed by provision of specific inputs by the UN analytical team in line with the standardized outline and guidelines for CCAs, which were further synthesized and consolidated.

After several internal revisions, the initial draft was prepared at the end of September 2019 in time for an initial and internal UN strategic prioritization exercise for the next Cooperation Framework in BiH. In parallel, the draft also underwent the review process by the regional UN Peer Support Group (PSG) which provided feedback and recommendations for further improvement of the document. The preliminary findings contained in the initial draft were also presented during the validation exercise on the initial draft Cooperation Framework in December 2019 providing the interlinkage between the analysis in the CCA and the proposed response in the Cooperation Framework. The final CCA draft was completed in the first quarter of 2020 in line with the PSG feedback and recommendation.

1.1. Country Context

Bosnia and Herzegovina (BiH) is an **upper middle-income country** with the aspiration to become a member of the European Union (EU). At the same time, 25 years after the end of the 1992-1995 war, it continues to struggle with its **peacebuilding process** and internal efforts to establish a common development vision. Political crises and stand-offs are a constant feature of the governance landscape as are political deadlocks. Constructive agreements and compromises are rare. This greatly impedes both the country's EU accession process and its overall development. Strategic planning and decision-making are a challenge given the country's complex governance structure and ambiguous constitutional provisions, which prevent full national ownership.

BiH's **governing structure** is derived from Annex IV of the Dayton Peace Accords (DPA) signed in 1995, which provides the constitutional set-up of the country. BiH is divided into two entities: the Federation of BiH (FBiH) and Republika Srpska (RS), plus Brčko District (BD). FBiH is further divided into 10 Cantons, a level of governance that is not present in RS. FBiH has 79 municipalities and RS has 61. Annex IV of the DPA outlines competencies for each level of governance in BiH, which are further developed in individual

constitutions of each entity and of each Canton. A tool for ending the war in 1995, BiH's governing architecture ended up being very complex with 5 presidents, 13 prime ministers and as many governments, more than 180 ministries and over 700 members of parliament in a country of 3.5 million people.²

Despite these difficulties, over the last several years BiH has managed to advance its EU integration agenda following a period of stalemate on EU-related issues. In May 2019, the European Commission issued its Opinion³ on BiH's **EU membership application** which outlines the key challenges for the country on its way toward membership and provides a set of 14 priorities to be addressed before the country can open accession negotiations. The Opinion concluded that BiH was the least prepared country in the Western Balkans (excluding Kosovo⁴) for EU membership. BiH is in the final phase of accession to the **World Trade Organization**, with technical work continuing on a limited number of issues.⁵

BiH still lacks a **development strategy** that would define country-wide development goals. The BiH Reform Agenda (2015-2018), driven by the international community, represented the first mid-term planning document with a broad consensus among all political parties and levels of government since 2007. It outlined the key priorities for economic and social reforms that were expected to underpin the country's application for EU membership, with very mixed results. At the time of writing (autumn 2019), the **new Reform Agenda 2019-2022** was in place⁶ to lead the work of the new authorities in BiH following the October 2018 General Elections. The country has yet to finalize the government formation process.

In 2018, with support of the UN Country Team (UNCT), BiH initiated the process of rolling out the global **2030 Agenda** and localizing the SDGs priorities in BiH based on a comprehensive consultation process in 2018 and 2019. BiH presented its first National Voluntary Report at the High-Level Political Forum in New York in July 2019, and work on the SDG Framework in BiH 2030 as the main guiding document for national and sub-national development planning processes is underway.

Demographic Context

As is generally the case in Europe and other developed countries, the population of BiH is shrinking and ageing, placing a burden on health care and social systems in the country. Whereas BiH had the same population half a century ago, the ratio of children 0-19 to older persons (65+) was almost 10:1 at the time while today it is only 1.5:1. Unlike in Europe where demographic agenda is placed high at the level of priorities in BiH there have been little efforts to address such challenges.

The 1992-1995 war prompted **large emigration from BiH**⁷ and a loss of approximately 100,000 lives. While BiH lacks comprehensive population data, UNDESA data indicate that subsequent political and social instability fueled mass emigration, with 250,000 citizens having left BiH since the 2013 census – 93,000 in

² Census: 30 September 2013 – source: BiH Agency for Statistics.

³ Available at: <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-bosnia-and-herzegovina-opinion.pdf>

⁴ All references to Kosovo are made in the context of UN Security Council Resolution 1244 (1999) and in conformity with UN protocol.

⁵ https://www.wto.org/english/thewto_e/acc_e/nl_e/2019_05_acc_newsletter_e.pdf

⁶ Both entity governments adopted the "Joint Socio-Economic Reforms for 2019-2022" on 10 October 2019. The Council of Ministers of BiH adopted the "Action Plan for the Implementation of Priorities from the European Commission Analytical Report 2019-2020" on 16 October 2019. These comprise the country's mid-term development agenda.

⁷ 1.2 million BiH citizens fled the country between 1992-1995. Source: <http://www.mhrr.gov.ba/izbjeglice/default.aspx?id=1711&langTag=bs-BA>

the last two years alone.⁸ Together with fertility rate (1.244) that is far below the replacement level (2.1), this has caused a continuous drop in the population size. Although statistically not proven, many demographers in BiH believe that currently there are no more than 3 million people living in the country, while in addition approximately 2 million people are estimated to working or residing abroad⁹ — the highest share in the Western Balkans.¹⁰

All UN DESA scenarios for population prospects show that further population decline in Bosnia and Herzegovina is an unstoppable process. According to the median variant of the UN prospects (World Population Prospects 2017), total population of Bosnia and Herzegovina could decrease until 2050 to 3,058,000. This variant starts with the assumption of a slow recovery of the total fertility rate (TFR) from 1.39 to 1.65 even though latest TFR for 2018 (at 1.244) still show no progress in this regard. According to low variant of prospects (and they are based on the assumption that TFR remains at the extremely low level of about 1.15 child per woman until 2050), population decline would be very sharp. The negative growth rate would exceed the pace of an average -1% annually until 2050, and total population number would decrease to 2,747,000 (for 22%), which is the population size that Bosnia and Herzegovina had in the middle of the last century, but with exceptionally unfavourable structure features.

According to population prospects of the Centre of Expertise on Population and Migration (CEPAM), all scenarios lead to decrease of population, but the strength of migration component and its diverse assumptions lead to significantly different demographic future. According to CEPAM Medium scenario, which assumes middle-of-the-road scenario, provided the long-standing continuation of average migration rate for the period 1960-2015. Bosnia and Herzegovina would lose 51% of its population until 2060 and it would come to the number of 1.71 million. If emigration would intensify (CEPAM Double Migration scenario), Bosnia and Herzegovina would lose 73% of its population until 2060, according to this extreme scenario. Only the lack of migration flows scenario (CEPAM Zero Migration) provides more favourable picture and decrease of population for 27%, to 2.87 million. It should be taken into account that all three variants are based in median fertility (growth from 1.36 to 1,52 live births per woman until 2060), and that Bosnia and Herzegovina did not record it in almost two decades (European Commission, 2018).

The scale and speed of **demographic change in BiH is obviously significant**. Highly skilled people of reproductive age are leaving for better opportunities; a “conflict-plagued political situation and an unsettling atmosphere of insecurity, fear, etc.” induce young people to leave, according to a recent study.¹¹ Average birth rates are falling as a result of a complex set of factors, which could arguably be summarized as lack of confidence in the future, itself the product of political conditions and societal change where employment is no longer guaranteed and social support systems are increasingly under stress. People need support and confidence in their future to be able to realize the family size they desire. This requires better job opportunities, fair and effective public services, flexible work arrangements, generous family support and parental leave for both parents, affordable quality childcare from early years on, and more equal burden-sharing between men and women.

While **rural-urban migration** is difficult to monitor due to a lack of statistical data, it is evident that there is a slow but steady flow from rural areas and small towns towards the capital and bigger cities. Even

⁸ BiH Agency for Statistics (2018), *Labour Force Workforce Survey*.

⁹ MHRH (2018), *Mapping of the BiH Diaspora*, UNDP-IOM Diaspora project.

¹⁰ For more information on the methodology underpinning the UNDESA figures, see *Trends in International Migrant Stock: The 2017 Revision* (Documentation).

¹¹ Friedrich Ebert Stiftung (2019), *Youth Study Bosnia and Herzegovina 2018/2019*, available at: <http://library.fes.de/pdf-files/id-moe/15262.pdf>

though the majority of the population lives in rural areas, livelihood opportunities and quality of life are worse there, which increases migration towards cities and ultimately deepens regional inequalities.

The implications of BiH's demographic decline on the country's social protection, health and education systems and on labor market conditions will be analyzed below.

Political Context

Country dimension

Twenty five years after the cessation of hostilities, BiH remains on the agenda of the UN Security Council,¹² is still in the implementation phase of the Dayton Peace Agreement (DPA), and is subject to the presence of various multilateral institutions, the Office of the High Representative¹³ and EUFOR Althea pending the fulfillment of the 5+2 criteria set out by the Peace Implementation Council's Steering Board in 2008¹⁴. Despite this, the political trajectory in BiH in recent years reflects a clear deteriorating situation in the country -- even as it makes slow but steady progress toward the EU. The 29 May 2019 EC Opinion on BiH's application for membership conveyed a critical list of conditions and concerns that strike at the heart of the country's long-running structural and functional challenges -- challenges that have not been overcome nearly 25 years since the end of conflict. Critical areas flagged in the Opinion and scores of other country analyses include a weak rule of law and lack of adequate human rights protection; ubiquitous corruption, cumbersome and ineffective governance; a politicized education system; challenges around elections; and dominant political platforms built on competing agendas of identity-based politics.

In following, BiH continues to be weakened by increasingly contested narratives about the past, present and future of the country. Two and a half decades onward, a "reconciliation deficit" still allows political officials and media organizations to pursue or propagate war-time policies of division. Through repeated public statements and policy actions challenging the legitimacy of the state; by alluding to the need for new entities; by speaking about redrawing international boundaries; and by engaging in bitter disputes around conflicting commemorations and flags, a number of elected and public officials actively work against a unified future for the country.

The judgements of the International Criminal Tribunal for the former Yugoslavia (ICTY) and the International Residual Mechanism for Criminal Tribunals (MICT) continue to be used to deepen cleavages

¹² The UN Security Council meets twice a year in New York to review and discuss the situation in the country. The Council also annually renews its resolution mandating the remaining peacekeeping mission in BiH, European Union Force EUFOR Althea, with its 600 troops in BiH.

¹³ The Office of the High Representative for BiH, established in 1995 under the DPA, continues to oversee the implementation of the civilian aspects of the peace agreement, with political guidance from the Steering Board of the Peace Implementation Council (Canada, France, Germany, Italy, Japan, Sweden, Switzerland, Russia, UK, US, EU Presidency, European Commission and the OIC, represented by Turkey).

¹⁴ Adopted in 2008 by the Peace Implementation Council's Steering Board (PIC-SB; a mechanism under the mandate of the Security Council). The "5+2" conditions include five objectives: (1) a sustainable resolution of the apportionment of property between the State and other levels of government; (2) an agreement on defence property; (3) a resolution of the Brčko issues; (4) fiscal sustainability; and (5) the entrenchment of the rule of law; and two conditions: (1) the signing of the EU's Stabilisation and Association Agreement (done in 2015); and (2) a positive assessment of the situation in BiH by the PIC -SB based on full compliance with the Dayton Peace Agreement. Once the PIC-SB views the conditions as fulfilled, it would lead to closure of the Office of the High Representative. The Security Council would then also consider the presence of the multilateral European Union Force Bosnia and Herzegovina (EUFOR Althea), which oversees the military implementation of the Dayton Peace Agreement

in BiH society. This reflects the complete absence of a responsible memory culture in the country. Today in BiH, it is not uncommon to witness glorification of war criminals by political leaders at the expense of victims or survivors; the repudiation of verdicts delivered by international justice institutions; the denial of war crimes and genocide by leaders, public officials and citizens; and the naming of school buildings and streets after war criminals. When combined with secessionist rhetoric – these elements give rise to a perpetual environment of fear and mistrust that is slowly becoming the norm. The President of the MICT, Judge Carmel Agius, explained in June 2019 that he was “deeply concerned” by “a culture of persistent genocide denial”¹⁵ in BiH. “It takes many forms and shapes and is particularly present in political discourse, media, legislation and education system. It may even seem at this point that some leaders and some sectors of society are making joint efforts to actively exploit this denial.”

In tandem, BiH’s leaders still incessantly argue about whether BiH is one country, two or even three; how the country should be governed and where does power lie – with the center or with the entities. In parallel, the views of the international community overseeing the DPA process are beginning to splinter regarding how BiH should be governed. The DPA itself, and its Annex 4 (i.e. BiH’s constitution which defines the country as a state with 2 entities and 3 constituent peoples) is full of contradictions and ambiguities – shortcomings that could be overcome by leaders with genuine good will, compromise and efforts toward a common end goal. Overall, since the end of the war, the political elite have largely built their power bases around equations of mistrust of the other; and their goals vis-à-vis BiH are not at all aligned. In governance terms, this has meant that state institutions are at best a weak coordination mechanism balancing the competing demands of mostly nationalist-driven, zero-sum agendas. The state as a construct that demonstrates broader elements of “stateness” remains elusive in BiH in the absence of shared education, shared values and a unifying vision.

While the roofs, walls and windows of BiH’s schools have been repaired over the past 25 years, the content of textbooks and academic curriculums have been dragged into the remit of the ruling parties and have become politicized. BiH has no state-level Ministry of Education. All the practical decision-making powers are held at the entity level in RS or at the cantonal levels in the Federation. Thus, BiH, a country of approximately 3.5 million people has 13 Ministries of Education (one in each entity, one in Brčko District and one in each of the 10 cantons) with separate curricula that divide rather than bring together students from the earliest, most formative years of their lives. The separate, nationality-driven education systems, in essence, contribute to a culture of division in BiH. This also serves to delegitimize the notion of a shared feeling of being ‘Bosnian’ together with other children of other nationalities.

A deeply flawed electoral system, broadly speaking, discourages (or in some cases, doesn’t allow) citizens to vote across nationality lines in some instances, while in other instances, it allows a majority group to skew the election results of a minority group (in the Federation). It also allows candidates running for key positions to seek votes from only one nationality in order to win office [e.g. a Bosniak can be elected without receiving a single vote cast by a Serb or vice-versa.]. Voters in either entity are not able to vote for their preferred Presidential candidate because of Constitutional limitations placed upon them due to their nationality, ethnicity or geographic location. In sum, the current set up These problems and the accompanying tensions have, in effect, created a “tyranny of the majority” at the municipal level and gridlock at the state level. With no need to build platforms that cut across nationality, religious and cultural lines, this system ends up incentivizing zero-sum approaches in a multi-nationality/ethnic state. It discourages the need for politicians and communities from seeking common, BiH-wide solutions.

¹⁵ Available at <https://www.radiosarajevo.ba/metromahala teme/carmel-agius-negiranje-genocida-u-srebrenici-je-najveca-prijetnja-miru/341067>

The crux of the problem is that the DPA was never intended to serve as a long-term foundational basis for a viable state. It was viewed by its designers as a bridging document that should not have lasted for more than a handful of years. Many opinion polls reflect the fact that the vast majority of citizens of BiH would welcome any initiative to revise the DPA and the country's constitution IF such an effort would allow them to eventually move toward a "normal" country with responsive governance; more livelihood opportunities; increased stability, predictability; good quality health and education sectors; and a strong justice sector and rule of law.

As coincidence has it, BiH continues on its EU path in the midst of larger regional and global transitions and realignments. Geopolitics continues to have an outsized impact on BiH. Since the end of the 1990s conflicts, Brussels consistently argued that it was important to ensure that instability from the Balkans would not be imported into the EU. Today, BiH's fragile situation is threatened by instability being generated outside its borders. Larger trends in Europe and across the globe are resonating with spoilers in the BiH. Nationalism – the root cause of the war in BiH – is resurfacing and post-truth narratives are overtaking fact-based information.

A divided international community overseeing the DPA – sometimes with competing agendas – also exacerbates these negative dynamics in BiH, thus increasing inter-communal tensions. Europe's inability to find a common and effective stance to the migration challenge is also impacting BiH and generating additional political crises inside the country. International policies and assistance over the past decades have also at times appeared to have exacerbated structural challenges in BiH. While driven by good or practical intentions, bypassing dysfunctional levels of governance, financial and policy support from international actors frequently had the unintended effect of widening the gap between functional and dysfunctional institutions. This not only weakened the notion of accountability and responsibility, but it also made it easier for some actors and parties to build arguments for secession, citing state-level governance weakness and incompetence.

For the last two decades, the EU had a very simple and attractive narrative: enact a series of reforms and join a club of nations that brings along with it stability, opportunity and prosperity. 25 years following the end of conflict, large segments of BiH's society don't see the "finish line" on the horizon: President Macron's public pronouncements stressing that no new members should be allowed to join the EU until it sorts its internal issues do little to instill a sense of hope across the country.

The latest public perception survey conducted by the UN in May/June 2019 reflects long-term feelings that the country is stagnating (77.1% of respondents) and that nothing has substantively changed in the economic and social perspectives for the majority of citizens over the past 3-4 years. When asked about the most critical challenges facing BiH's society, respondents listed unemployment (41.2%); corruption (38.7%); political instability and politicians (31.1%); and emigration, especially of the country's youth (28.1%), as the top concerns. This overall picture is confirmed by relevant global indexes, with BiH ranked as:

- (i) "warning" category on the 2019 Fragile States Index and 86th out of 178 countries, in a downward trend since 2016;¹⁶
- (ii) "partly free" on the 2019 Freedom House Index with an average score of 53/100 (looking into political rights and civil liberties);¹⁷

¹⁶ Available at: <https://fragilestatesindex.org/country-data/>

¹⁷ Available at: <https://freedomhouse.org/report/freedom-world/2019/bosnia-and-herzegovina>

- (iii) 89th out of 180¹⁸ on the 2019 Transparency International Index (with a perception score of 38/100 where 0 indicates highly corrupt);¹⁹ and
- (iv) 63rd out of 180 on the 2019 World Press Freedom Index.²⁰

Overall, hope for social and political change has never been lower in BiH²¹. When thinking about the future of BiH, almost half (47.2%) of the survey respondents believe nothing will change in BiH as long as the Dayton structure remains in place. There is a widespread realization that the system cannot be changed from within and given current geopolitical realities, as a divided international community is exacerbating centrifugal forces in BiH. In such an environment of insecurity and uncertainty, the ordinary BiH citizen does not feel empowered or encouraged. Thus, people of all ages and backgrounds are leaving BiH in record numbers. BiH is facing an exodus crisis that, currently, shows no end in sight.

In spite of such a complex overall political and governance and social context, encouraging progress is visible at the local level, stimulated by local leadership support and responsiveness to community needs, as well as by the donor community involvement. Moreover, it is **local governance and local development** that seem to present plenty of opportunities for development cooperation quick-wins. While clearly ensuring development results to the benefit of local communities in the short term, local development initiatives also gradually build pressure for change from the bottom for country reforms.

Regional dimension

BiH is situated in a sub-region where politics continue to remain largely influenced by ethnic or nationalist parties and leaders who propagate divisive political agendas. The UN system recently identified the lack of progress on reconciliation and an underlying trust deficit within and between states as among the key threats to stability and prosperity in the region. Regional and bilateral disputes still simmer, many of them related to border demarcation, war crimes jurisdiction and the interpretation of war history, the fate of missing persons, and ethnic minority rights. Kosovo's²² status remains unresolved, splitting the region – and the international community - in those recognizing Kosovo, and those that don't. The Security Council meetings on BiH and Kosovo, which take place several times per year, regularly feature acrimonious debates with little progress on the situation recorded.

A number of diplomatic initiatives launched over the past years have supported progress in regional cooperation, including the Berlin process led by EU member states, with the accompanying EU connectivity agenda and the EU Western Balkans engagement strategy, as well as the summit-level Brdo-Brijuni process meetings of Western Balkan leaders, and others. As a result, leaders have set up a number of regional focused structures promoting regional connectivity and understanding, including through the Regional Cooperation Council (based in Sarajevo and established 2008), the Regional Youth Cooperation Office (based in Tirana and established 2016), and others. The Western Balkan economies are already closely integrated with the EU; the EU is their largest trade partner, their largest sources of incoming foreign investment and other financial flows, including remittances. The EU is also the main destination for outward migration. Monetary and financial systems are strongly dependent on the Euro.

¹⁸ The female labor force participation rate in BiH is, at 31.4% in 2018, the lowest in the SEE region, according to the ILO.

¹⁹ Available at: <https://www.transparency.org/country/BIH>

²⁰ Available at: <https://rsf.org/en/bosnia-herzegovina>

²¹ The source is a public perception survey conducted by the UN in May/June 2019: Prism Research and Consulting, *UN peace and development assessment for Bosnia and Herzegovina*, 2019 (draft)

²² References to Kosovo shall be understood to be in the context of Security Council resolution 1244 (1999)

The close economic relations with the EU have been boosted by, among others, the Stabilisation and Association Agreements between the EU and individual Western Balkan countries, which also include provisions for a free trade area. Implementation of these provisions means elimination of tariffs and non-tariff barriers, liberalisation of trade in services and investment regimes, and far-reaching harmonisation of various trade and investment-related regulations and institutions – especially in the areas of competition policy, state aid and public procurement.

Further, some conflict-related cases are still pending with the International Residual Mechanism for Criminal Tribunal (IRMCT) and with local courts in the region. IRMCT officials have pointed out that denial of war crimes and glorification of war criminals is a destabilizing dynamic beyond BiH that calls for “urgent political leadership” and for the international community to speak out on the issue. The region also faces other disconcerting human rights challenges, such as attacks on journalists, discrimination against minorities, and poor protection of migrants and refugees. There are still over 300,000 reported IDPs in the region, and it has been reported that many IDPs are subject to discrimination and economic insecurity. Gender-based violence is wide-spread, and there is only little accountability for survivors of violence of the war. Rule of law issues persist, and corruption is high: under the 2018 Transparency International Corruption Perception Index – evaluating countries on a scale from 0 (highly corrupt) to 100 (very clean), Western Balkan countries all get scores between 36 and 45. With regard to migrants and refugees, while numbers have been decreasing significantly since the Europe’s refugee and migrant crisis in 2015-16, they continue to come to the Western Balkans trying to reach Western Europe, and are sometimes met with hostility and face challenging conditions.

Almost all Western Balkan states and Kosovo – while mostly middle-income economies - are experiencing population decline due to falling birth rates and increased emigration. This is especially pronounced among youth who are leaving because of high levels of unemployment, structural corruption, and ethnic-nationalist polarization, adding up to an overall lack of perspective for a prosperous future in the region. It is estimated that close to one third of the resident population of the Western Balkans is living outside the region. Education in many countries in the region perpetuates the status quo, as it is often segregated along ethnic lines, based on differentiated curricula with separate interpretations of history. There are also few opportunities in school for learning an additional language that is spoken locally or regionally. According to the World Bank, only less than half (44 per cent) of the working-age population in the Western Balkans has a job. Youth unemployment is at 35 per cent across the region, and the Western Balkans have some of the lowest female labour force participation rates in Europe.

In addition to economic risks, the region faces weather-related shocks putting pressure on the Balkan’s agriculture and forestry sector. The World Bank has found the Western Balkans to be emerging as one of the planet’s “warming hot spots” due to climate change, with a risk of more frequent heatwaves and a significant increase in summer temperatures, and decline in rainfall, increasing the risk of wildfires. Water availability in the summer could decrease, and the region’s electricity supplies could be put at risk, as outputs from hydropower plants are predicted to drop. Given the region’s predominantly rain-fed agriculture, the Western Balkans’ agricultural sector is vulnerable to changing rainfall patterns and increasing temperatures, putting crop yields at risk. Researchers moreover predict increased flood risks, particularly along the Danube, Sava and Tisza rivers. Such climate-related disasters will have an adverse effect on the countries’ GDPs, on the agricultural and forestry sectors, as well as on peoples’ livelihoods. Economic growth in the region is dependent on climate-sensitive natural resources, which goes along with high costs in regard to climate change mitigation and adaptation. Without a consistent strategy how to mitigate climate-change related effects, those members of society not able to take mitigation measures will bear the highest costs. The countries in the region have started to prepare for climate change-related risks, with Serbia leading those efforts.

The Western Balkans' energy industries rely on outdated infrastructure, energy efficiency is low, and there is little cross-border trade. Western Balkan countries spend heavily in subsidies for coal-fired power plants. Pollution hotspots (contaminated soil and chemicals) remain a concern across the region, and several cities in the Western Balkans rank among the worst in Europe in terms of air pollution. In 2019, UN Environment found air pollution to be responsible for up to one in five premature death in 19 Western Balkan cities. Pollution across the Western Balkans threatens the health of people, cause damage to the economy, puts pressure on already strained economic resources and threatens the loss of resources in the future.

Economic Context

Following a decade of post-conflict progress in which gaps between income levels in BiH and the EU narrowed, IMF data indicate that these gaps widened again in 2008-2015, with **convergence** resuming after 2015. IMF projections for 2018-2024 envision further progress in GDP convergence. Full convergence of the Western Balkan countries with EU living standards may range from 40 years in an optimistic scenario to more than 200 years in a pessimistic scenario.²³

BiH's economy faces numerous **structural weaknesses**, such as inefficient markets, low labor force participation rate, limited access to finance,²⁴ insufficiently developed business clusters and value chains, unclear property rights and a cumbersome regulatory environment, all of them further exasperated by political instability. The country is not transitioning quickly enough from a socialist mindset toward a market economy; the public sector accounts for more than one-fifth of the economy.

Some 80% of BiH's exports are concentrated in the hands of ten companies, leaving the country vulnerable to enterprise-specific shocks. The shares of GDP devoted to savings and investment remain below what is reported for neighboring countries, depriving BiH of the capital and technologies needed for future competitiveness. Entrepreneurs, skilled workers and young people who can earn six times more abroad than at home are unlikely to stay in BiH.²⁵

Close cooperation with the IMF, combined with **fiscal, monetary, and exchange-rate policies** that have minimized macroeconomic policy discretion, have resulted in low inflation rates and relatively benign fiscal trends in BiH. Surpluses in the general government budget are reported or projected for BiH for the 2016-2024 period. This has allowed the general government's gross debt to fall from 46% of GDP in 2014 to a projected 31% by 2022. BiH's macroeconomic policy regime has kept the country's external debt in check; gross foreign debt is projected to drop from 64% of GDP in 2016 to 56% in 2022.

This relatively benign picture conceals various **macroeconomic policy and governance challenges** that need to be addressed in order to accelerate income and employment growth. BiH's low reported public debt figures are made possible in part by growing fiscal arrears—which may represent public service duty bearers' unmet claims on rights holders and the relatively large shares of GDP collected as tax (and other public) revenues and then redistributed through the budgets. These high tax rates contribute to the informality and corruption that bedevils economic governance and growth prospects.

²³ EBRD (2017), *The Western Balkans Convergence Challenge: Decades or Centuries?*

²⁴ This is a higher barrier for women. See World Bank (2018), *Access to Finance for Female-Led Micro, Small & Medium-Sized Enterprises in Bosnia and Herzegovina*, available at: <http://documents.worldbank.org/curated/en/890741521459734141/pdf/124394-WP-P144969-PUBLIC-BiHAccesstoFinanceKnowledgeBrief.pdf>

²⁵ SDG Framework in BiH document (draft, 2019)

BiH's relatively **large budget expenditures** are in part reflections of high wages and employment in the public sector that crowd out private-sector growth. The energy and transport sectors are dominated by state-owned enterprises that are often loss-making and over-staffed. The business environment remains poor²⁶ and the post-conflict governance structure is not "fit for purpose" to respond to complex development challenges. FDI inflows, at around 2% of GDP annually in 2016-2018, is one of the lowest in the Western Balkan region. Vulnerability to flooding and other disaster risks further underscore the importance of links between economic growth and sustainable resource management. Public (economic) infrastructure is degraded or missing, which further affects investments and poses challenges for both domestic and cross-border connectivity and economic activity. These hold back economic growth, including of those industries that emerge as fast-growing – e.g., wood & furniture, metal, tourism, ICTs.

The structure of the factors that most disturb doing business in BiH and thus most affect the low level of competitiveness of the economy (measured on a scale of 0% -100%) are related to economic governance and public sector capabilities to create enabling environment: inefficiency of the public administration (14.2%), corruption (11.5%), tax instability (10.5%), political instability (9.7%), government instability (9.3%), access to finance (8.8%), complexity of tax regulations (6.9%), restrictive labor regulations (6.5%), inadequately secured infrastructure (2.6%), insufficient innovation capacity (2.5%).

The large share of **agriculture** in the structure of GDP, the high level of employment and considerable share in the foreign trade deficit are the three main characteristics of agriculture and its importance for BiH economy. Agriculture and the food industry are important branches of the economy of country, both in terms of their contribution to the economy and overall employment and socio-economic development.

According to the BiH Agency for Statistics (the first results for GDP in 2018), agriculture, forestry and fishery accounted for 5.89% of GDP. The share of agricultural and food products within the foreign trade of BiH is significant and the available data shows that the agriculture sector deficit is going down and that in 2018 the export-to-import ratio was 34%. Although long-term trends indicate a decreasing number of people engaged in agriculture, according to the International Labor Organization (ILO), 15.7% of people are employed in agriculture, of whom 38% are women. Around 1,000 legal entities and around 360,000 rural households are involved in agricultural production, of which one third is registered as agricultural holdings. A pilot census on agriculture conducted in 2010 (by the Agency for Statistics of BiH, the FBiH Institute of Statistics and the RS Institute of Statistics) shows that the average utilization of agricultural land per holding consists of on average of four parcels or 1.97 ha per farm, which is far below the EU-27 average of 14.3 ha (EUROSTAT). The data indicate one of the key problems in BiH, which is the large number of agricultural holdings and the consequent small size of such holdings and their economic and production power. Small average size of these holdings combined with the fragmentation of agricultural land and dual production, can be seen as a strategic priority that requires addressing in the future.

Agriculture and rural areas have significant economic potential in BiH, however, there are several deficiencies and gaps, which prevent the actors in the sector – including farmers, processors and associations – to increase their competitiveness and eventually contribute to the sustainable growth of rural areas. Small-scale subsistence farmers dominate the agriculture sector, producing far below their potential because of outdated technology, low-intensity production systems, limited capital for farm infrastructure and inputs, and lack of irrigation. The sector lacks the economies of scale and the specialization needed for certain types of commercial agriculture; however, small farmers can still often produce commercially viable, specialized products or high value crops.

²⁶ The World Bank Doing Business Report for 2019 ranks BiH 89th out of 190 countries globally; available at: http://www.worldbank.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf

Small and medium-sized enterprises (SMEs) are important contributors to job creation and economic growth and make up approximately 99% of all companies, generating approximately 60% of the GDP and employing more than 60% of the total number of employed in the country.²⁷ Yet, the 19 SMEs per 1,000 population registered in 2015 was the lowest figure in the region. SMEs are held back by low level of technological modernization and innovation, limited access to finance, low productivity, insufficient entrepreneurial skills. The educational and vocational training systems are still insufficiently equipped to ensure adequate and market-driven skills for the next generation of employees. BiH does not have an overarching country-wide framework guiding SME development. As main competencies for business registration lay at entity government level, both entities and subsequently – cantons in the FBiH have their own laws and regulations, adding layers of complexity to the business registration process. Entrepreneurs must register more than once to be allowed to operate throughout the entire territory of BiH. Enhanced co-operation among different levels of government, allowing for the mutual recognition of business registration standards would be a good step towards lowering the barriers to entrepreneurship.

A continued lack of decent work opportunities, insufficient investments and uncompetitive private sector will **slow down achievement of the SDGs**. The current economic development model puts significant pressure on the natural resources and is not sustainable, resilient and inclusive. Economic decline and instability affect not only quality of life for the people, but also political tensions and regional stability, as well as the overall convergence with the EU. Achieving the SDGs will need significant resources that can only be generated by engaging the private sector. At present, private-sector financing for policies – or for the SDGs – is almost non-existent.

BiH's high **unemployment rates** have been falling since 2015; the countrywide rate has been below 20% since 2017²⁸ but the labor market situation remains challenging. Employment and participation rates have registered a slight increase, at 34.3% and 42.1%, respectively (Labor Force Survey - LFS 2018) but remain overall very low, even by regional standards. This increase is largely due to a substantial decline in the working-age population 15+ (almost 200,000 fewer compared to 2014) as a result of low fertility rates and outward migration. Gender gaps in employment are also significant. The gender gap in unemployment in 2018 dropped to 3.1% from 4.2% in 2017 and 7.5% in 2016, but compared to other countries in the region, BiH has the lowest percentage of women's participation in the total number of employed. According to the 2018 LFS, women have a lower employment rate than men (25% compared to 44.1%) and a higher unemployment rate (20.3% compared to 17.2%). A gender pay gap exists despite legal provisions prohibiting it, and persists irrespective of qualification, education and age.

Even though BiH does not produce adequate estimates, it is assumed that at least **one-third of total employment is informal**. Young people are also at a disadvantage with indicators that point to a prolonged transition from school-to-work and a high risk that large cohorts of young people are left behind. Youth employment remains extremely low (at 19.7% in 2018); one out of four youth (15-24) is neither in education, employment, nor training. There is a gap between marginalized Roma and neighboring non-Roma in terms of human capabilities and material wellbeing. The gap is almost triple for young people – only 14% of Roma aged 18-24 are in employment, education or training, compared to 41% of non-Roma, and the gender gap remains significant – while women in both groups are less likely to be

²⁷ *SME Policy Index for Western Balkans and Turkey*, 2019.

²⁸ Methodological changes introduced in 2018 complicate time series analyses of labor-market trends in BiH. Figures in this paragraph from Agency for Statistics of Bosnia and Herzegovina (2018), Labor Force Survey 2018, available at: http://www.bhas.ba/tematskibilteni/LAB_00_2018_Y1_0_HR.pdf

employed, marginalized Roma women have one of the lowest employment rates in the Western Balkans region: only 4% were employed in 2017 (versus 19% marginalized Roma men).²⁹

The **root causes of poor labor market** outcomes include insufficient investments and job creation in the private sector, poor quality of the current job offer (low wages, precariousness, limited occupational safety and health, high incidence of informality), low quality of education and skills development, as well as a prevalence of skills mismatches. Technical and Vocational Education and Training (TVET) systems are not aligned with labor market needs and the requirements of the economy. This results in a general lack of qualified workers in key occupations, while emigration continues and undermines the overall development efforts. Professional skills are important for individual well-being and income security. In addition, a skilled workforce makes an important contribution to increasing productivity, competitiveness, innovation potential and economic growth, which ultimately translates into the creation of more jobs. This includes professional skills development for young people, as well as continuing training for the adult population (whether unemployed, employed or self-employed). Lifelong career guidance and the recognition of prior learning (RPL) help adults along their life cycle to construct their careers and stay employable. Overall, there is a need for systematic skills needs anticipation at local, regional or national level and their translation into professional training curricula and standards.

Structural weaknesses of the country's economy, and actions driven by fragmented policy frameworks, make it difficult for policymakers to come out with solid diagnostics and reforms of education, skills development, labor market, and social policies. To provide a credible and relevant reform of employment policy, a countrywide strategy is required, as well as an effective institutional coordination of implementation and monitoring of the strategy. Social dialogue and involvement of the social partners in developing economic reforms remain weak and scattered across different administrative levels.

There is a visible **mismatch between the supply and demand** on the labor market, resulting from inadequate policy coordination between the economic planning and education and skills development system, a lack of coordination between employers and (vocational) education and training institutes, and the failure of the Public Employment System to match the needs of employers and job-seekers and to provide career guidance.

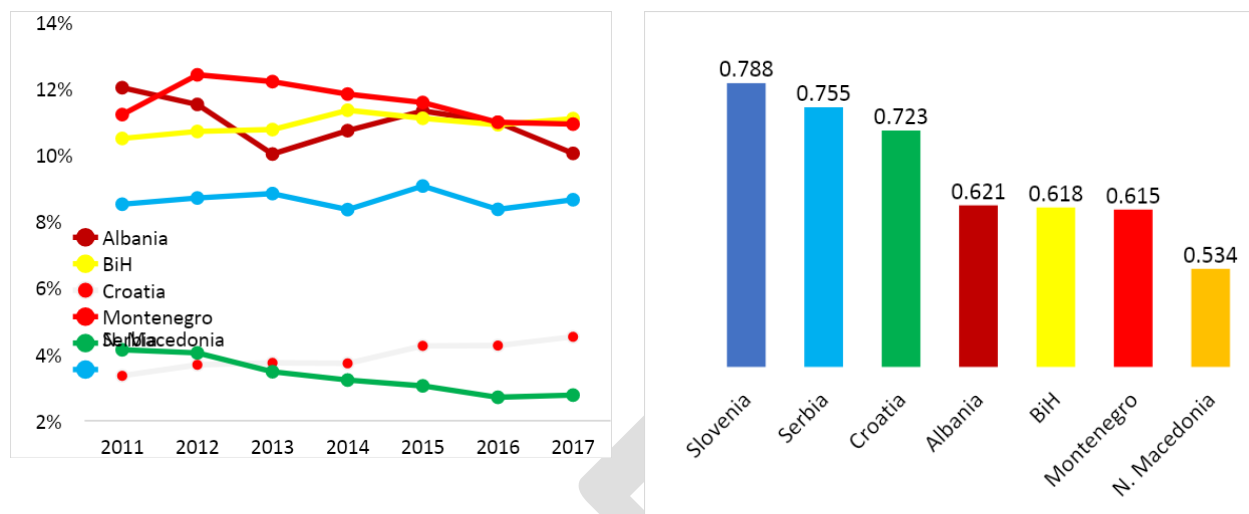
BiH's demographic decline (outlined above) poses a number of socio-economic challenges. The two thirds of the country's potential workers who are **not in formal employment** in BiH do not contribute to state pension and health insurance systems.

Potential development opportunities from emigration are apparent in the large **remittance inflows** to BiH – typically in excess of 10% of GDP. However, remittances are mostly used for consumption rather than for socio-economic development, and there is little evidence of benefits from emigration in terms of sharing skills and ideas or advancing democratic processes.

Figure 1—Ratios of remittance inflows to GDP (BiH, neighboring countries, 2011-2017)

Figure 2—The World Bank's "human capital index" for BiH, neighboring countries (2018)

²⁹ UNDP (2017), *Regional Roma Survey 2017: Country fact sheets*, p. 1.



World Bank data.

At the same time, it is important to emphasize that it is not population size that matters in contemporary societies but their human capital – education, skills development and health, productivity, and innovation potential. The World Bank’s 2018 **human capital index** ranked BiH 58th out of the 157 countries surveyed—roughly comparable to Albania and Montenegro, and slightly behind Slovenia, Serbia, and Croatia.³⁰ ILO metrics indicate that 81% of BiH’s labor force consists of “skilled labor,” which puts BiH 32nd out of 141 countries surveyed.³¹ On the other hand, a *Lancet* human capital study ranked BiH 64th (out of 168 countries) in 2016, down from 58th in 1990, well below the 2016 rankings of Croatia (32nd), Serbia (46th), Montenegro (48th), and North Macedonia (51st).³² Young people in BiH are spending less time in structured learning environments than is the case in neighboring countries, which may limit the quantity and quality of the human capital they accumulate.

Cities in the country are increasingly experiencing tensions associated with contemporary urbanization trends: growing population moving from rural areas, increased pressure on aging and underfunded public infrastructure, rising housing costs, emerging pockets of urban poverty, worsening air quality in urban areas, and higher demand for public services with a shrinking tax base. The outmigration of young, skilled labor is draining the financial and intellectual potential of cities and the country, reinforcing system-scale depletion of resources, and discouraging private sector investment. Despite these interlocking complexities, cities in Bosnia and Herzegovina are still the economic engines of the country: they have almost 40% lower unemployment, 25% higher wages, and 2.5 times the per capita GDP of the rest of the country. Emerging against this backdrop of infrastructure, administrative, and regulatory challenges, are weak signals of change and pilot efforts in the area of smart city and sustainable urban development, mostly in Sarajevo and Banja Luka.

Despite rural out-migration, **Bosnia and Herzegovina remains one of the most rural countries in Europe** (per [OECD](#) categorization), with around 60% of its population living in rural areas (defined as villages and

³⁰ Available at: <https://openknowledge.worldbank.org/handle/10986/30498>

³¹ “Percentage of the labour force ages 15 and older with intermediate or advanced education, as classified by the International Standard Classification of Education.” However, BiH’s large cohort of inactive workers—most of whom have only primary education and rudimentary labour-market skills—are excluded from this calculation.

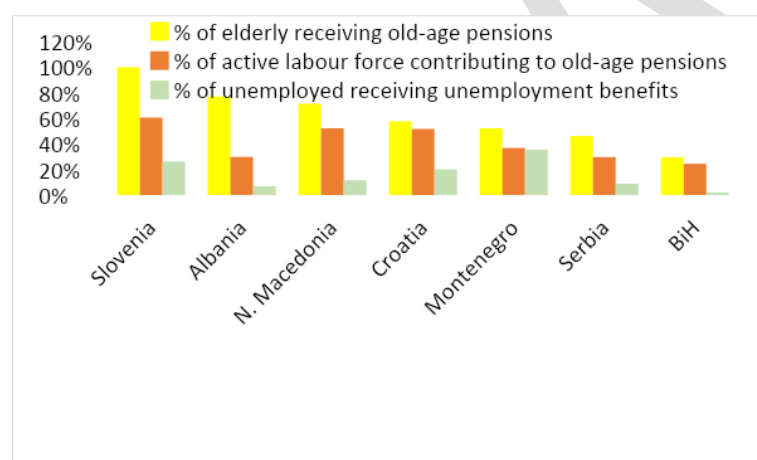
³² Available at: [https://www.thelancet.com/action/showPdf?pii=S0140-6736\(18\)31941-X](https://www.thelancet.com/action/showPdf?pii=S0140-6736(18)31941-X)

scarcely populated municipalities)³³. Rural areas are characterized by fewer job opportunities, weak physical infrastructure and public services, as well as limited access to markets, business development and financial services. Unemployment rates in rural areas are considerable and can be 40% higher than in the main urban centres.

Social Context

Even though BiH devotes approximately the same share of GDP to social protection as Slovenia and Croatia, its coverage is far lower: fewer than 30% of BiH citizens of retirement age receive old-age pensions, and only 2% of the unemployed receive unemployment benefits (Figure 3).¹⁵ Old-age dependency ratios calculated in terms of actually employed workers contributing to social insurance funds indicate that in 2017, there were only 1.45 formally employed workers to support one pensioner. World Bank data³⁴ indicate that most households in the poorest 20% of the population do not receive contributory social protection benefits (e.g., old age or disability pensions), while only about one in eight individuals in this income category receives social assistance (i.e., cash transfers). The social protection system is distorted, inefficient and non-transparent. While around 4% of GDP is allocated to social assistance, only about 1% goes to the poor or socially excluded, while about 3% is allocated to war-related benefits (especially veterans).

Figure 3—Social protection coverage in BiH, neighboring countries (most recent years)



UNDP calculations, based on data (for most recent year available) from the ILO World Social Protection Report 2017-2019.

These figures, which reflect extensive labor-market informality, very low employment rates, and governance lacunae, highlight the important risks of being left behind in BiH. Furthermore, negative population trends are both threatening the fiscal sustainability of BiH's social protection systems and placing growing numbers of people outside of their reach.

Absolute income poverty (measured at the PPP\$5.50/day threshold recommended by the World Bank for upper middle-income countries) was reported at below 10% of the population during 2001-2011.

³³ [Rural Development in BiH: Myth and Reality](#), National Human Development Report, UNDP, 2013.

³⁴ Source: World Bank ASPIRE data base (2015 data).

Relative poverty (measured as the share of the population living below 60% of median income, as per Eurostat practice) was reported at below 20% during 2001-2011, with a declining trend noted.

BiH's Human Development Index value (HDI) for 2017 is 0.768, which puts the country in the high **human development category**, positioning it at 77 out of 189 countries and territories. Between 2000 and 2017, its HDI increased from 0.672 to 0.768, an increase of 14.4%. However, HDI measures average levels of income, health and education for the whole population and does not give any indication of how many people fare markedly worse than the population mean; it is thus not an indicator of social inclusion. BiH's Gender Development Index (GDI) for 2017 is 0.924, positioning the country at 77 out of 189 countries and territories.³⁵

The most obvious **source of exclusion** in BiH is belonging to an ethnic group different from the majority in any given administrative area, while disability and sexual identities may also cause exclusion. The most serious issue of social exclusion is unemployment, of both young people and adults, particularly women, followed by those who left school without qualifications, often to face a lifetime of economic inactivity or unemployment. A fast-changing economic environment and digital transformation could increase social exclusion since it will widen unemployment due to insufficient qualifications. Next come elderly households and people, almost 30% of whom report one or more disabilities. The unemployed, the uneducated and the older persons are highly excluded, while Roma represent the smallest excluded group but experience by far the highest degree of exclusion (especially women and youth).³⁶

Despite rural out-migration, BiH remains one of the **most rural countries in Europe** (per OECD categorization), with around 60% of its population living in rural areas featuring fewer job opportunities, weak physical infrastructure and public services, as well as limited access to markets, business development and financial services. Unemployment rates in rural areas can be 40% higher than in the urban centers and GDP per capita is less than half the level reported in urban environments. 19% of the rural population lives in poverty (compared to poverty rates of 9% in urban areas). Agricultural producers are a rapidly aging population: a very small number of young people choose agriculture as their business, which calls into question the sector's viability in the long run.³⁷

Young people in BiH can be considered a vulnerable group. Their health, well-being and capacity to influence their own and the country's future are all adversely affected by limited access to social rights, political and social disenfranchisement, violence and rising nationalism, ill-health and lifestyle risks (including alcohol and drug abuse, gambling, smoking, STIs, early pregnancy, etc.), as well as by an education system that is of poor quality, outdated, marred by corruption and complex governance, and that does not adequately prepare them with life skills. Nevertheless, a large share of BiH youth attain a decent general education – but their skills are mismatched to the needs of a modern labor market, as will be further analyzed below. 60% of young people are unemployed, while one in every five of those persons looking for a job has been searching in vain for more than five years.³⁸ Young people in BiH are labeled as risk-averse, and only a few engage in entrepreneurship. Yet, this can also be explained by the fact that there are few support mechanisms for young people wishing to set up their own business, hardly any

³⁵ UNDP (2018), *Human Development Indicators 2018*. Custom data acquired via website: <http://hdr.undp.org/en/countries/profiles/BIH#> [Retrieved on 6 September 2019].

³⁶ UNPP (2017): *Regional Roma Survey 2017: Country fact sheets*, p. 1.

³⁷ *Strategic Plan for Rural Development of Bosnia And Herzegovina (2018-2021)*, available at: http://www.mvteo.gov.ba/data/Home/Dokumenti/Poljoprivreda/Strategic_Plan_for_Rural_Development_of_BiH_Eng.pdf

³⁸ Friedrich-Ebert-Stiftung (2019), *Youth Study Bosnia and Herzegovina 2018/2019*, available at: <http://library.fes.de/pdf-files/id-moe/15262.pdf>

young person has access to sufficient start-up capital, and many lack the capacity to navigate the complex and discouraging legal/administrative environment. Young people are socialized into a culture of petty corruption and perpetuate it: cheating in school, paying bribes to pass university exams, relying on family connections to get employment, and so on.

The situation is even more difficult for young people who belong to particular minority groups (e.g., Roma, ethnic minorities), IDPs, returnees, refugees, asylum-seekers and migrants, young women, LGBTQI youth, young people without parents, in state care or transitioning out of it, young people in conflict with the law and young people living with disabilities or ill-health (physical and mental); they face poverty, exclusion, marginalization, gender-based violence, sexism and discrimination to a higher degree than other young people. Inter-ethnic distance and distrust between young people is growing, and young people are increasingly vulnerable to radicalization and extremism across the entire political and religious spectrum.

One result of the difficult situation of young people in BiH is emigration, especially but not only of the highest qualified youth. Current levels of emigration pose an existential threat to BiH's development.

The education system in BiH is highly decentralized, with responsibilities for education devolved to the entities, cantons, district and one municipality. Each of these administrative units has its own education policy, legislation, and budget, while the FBiH Ministry of Education and the BiH Ministry of Civil Affairs have a coordinating role. The structure of the education system constitutes, in practice, a serious obstacle to the right to education by all children in BiH and has a major impact on availability, accessibility, acceptability and adaptability. BiH has a relatively high total spending on education (estimated at 4.2% of GDP in 2017), but this is mainly due to fragmentation and high administrative costs, with insufficient funding for school infrastructure and uneven teacher salaries which are not tied to performance. Efforts to develop common standard frameworks (such as common core curricula or learning outcomes) take many years, with uncertain results due to fragmented policy-making.

There are serious learning and equity gaps in BiH education systems. The 2018 Programme for International Student Assessment (PISA) report,³⁹ published in December 2019, showed that 15-year old students in BiH are on average about three school years behind their peers in OECD countries. The minimum level of functional literacy is not attained by 58 per cent of students in mathematics, 54 per cent in reading and 57 per cent in science (the OECD average is 24 per cent, 23 per cent and 22 per cent respectively). In BiH socio-economically advantaged students outperformed disadvantaged students in reading by 58 score points in PISA 2018. The results are important as a baseline for evidence-based planning of education reforms. Current methods of teaching, assessment and evaluation do not address demands of contemporary society and do not develop life skills and competencies needed for a knowledge society. Very limited funds are dedicated to improving education quality, school equipment and capital investment. Furthermore, education and the labour market are not harmonized due to several factors, including the quality of formal education, inadequate or absent career orientation system and professional development, and lack of practical classes.

The **preschool enrolment** rate for children aged 3-6 is the lowest in Europe (25%), with a big gap between urban and rural areas and between employed and unemployed parents: children from urban areas with

³⁹ PISA assesses the extent to which 15-year-old students, near the end of their compulsory education, have acquired key knowledge and skills that are essential for full participation in modern societies. The assessment focuses on the core school subjects of science, reading and mathematics. Reading was the main subject assessed in PISA 2018.

two working parents represent 76% of all children in preschool institutions, while two-thirds of children in BiH live in rural areas.

Efficient implementation of the existing action plans and legislation is further constrained by the lack of reliable **official statistics** on the number of marginalized children in BiH. There are no reported or documented mechanisms for identifying children who are out of school. While some opportunities for inclusive sport and recreation exist, there are no systemic mechanisms to address sport, leisure, cultural development or participatory non-formal learning. Opportunities for non-formal education are also very limited: only one out of four young people stated that they were included in a non-formal education programme, most often in the form of language or computer courses.

The **BiH Framework Law on Primary and Secondary Education** regulates the principles of preschool, elementary and secondary education and enshrines the obligations of education authorities, including those of both entities and the District of Brčko, to ensure educational services under equal conditions for all students. According to the Law, the purpose of education is to contribute to the creation of a society based on the rule of law and respect of human rights through the optimum intellectual, physical and social development of the individual, according to each one's potential and abilities. However, in practice, pupils and teachers continue to experience ethnic and religious segregation, intolerance and division. In fact, the most blatant evidence of ethnic divisions and the segregation of children are ethnically homogenous schools throughout the country, as well as the **"two schools under one roof"** where children are segregated based on their ethnicity. It is also the case that asylum-seeking children are not included in primary education in several jurisdictions. Furthermore, every third Roma child or child with disability had experienced some form of discrimination during their education. Roma children and children with disabilities are also at greater risk of dropping out of secondary school.⁴⁰ The concept of inclusive education has started to take hold and there is increased awareness of its significance. Yet, progress in inclusive education is measured by 'access' to school and not by 'participation' in education, hence inclusive education is still understood in the most restrictive sense. Tackling the segregated schooling of students of different ethnicities while providing acceptable and culturally relevant education for all students in all parts of BiH is one of the biggest challenges for the country.

The education system needs to be developed from a **lifecycle perspective**, to provide people at all stages of their life with educational orientation and career guidance and to help them construct their livelihoods, develop resilience and adapt to change. Currently the skills development system and technical vocational education and training (TVET) fail to meet this challenge. TVET schools are often underfunded and lack access to technology. Many TVET curricula and standards tend to be outdated. Teachers need investment in their technical and methodological skills. In addition, TVET schools need to know how to align to the local industry. The concept of adult professional development and **lifelong learning** is not yet sufficiently understood. Adults, whether unemployed, employed or self-employed, need access to further learning opportunities, to stay employable.

Health care responsibility lies with the entities, which means that there are three separate health systems in BiH (FBiH, RS, and Brčko District) and a state-level ministry (for civil affairs) in a coordinating and reporting role. In terms of the organizational structure and management, there are 13 different health systems in BiH, at the level of entities, Brčko District and cantons, which complicates the way services are provided, increases management and coordination costs, and adversely affects the rationality of management of health care institutions. The very low level of integration between the entity health care systems constitutes an obstacle to free movement and leads to differences in equity and access to health

⁴⁰ UNICEF (2017), Analysis of trends and recommendations for action, Strategic Moment of Reflection.

services. This results in a structural difference in the exercise of the right to health care for all, including children, depending on their place of residence.⁴¹

The importance of striving towards **Universal Health Coverage (UHC)**, or ensuring that all people and communities have access to quality health services where and when they need them, without suffering financial hardship, is fully embedded in SDGs and reinforced at the UN High-Level Meeting on UHC in September 2019. On the **access to essential health services**, BiH has achieved UHC service coverage index of 57 (the second lowest in the Western Balkans region). The situation is similar with regards to **financial protection of population**: with 1.3% population with household expenditures on health exceeding 25% of total household expenditure or income, the BiH percentage is the second highest in the Western Balkans region and significantly higher than in the EU member states.⁴² During the period 2016-2018, significant progress has been made towards achieving UHC, as the access to standardized cardio-vascular risk assessment and management services in primary health care/family medicine has been provided to approximately 68% of the BiH population (2.4 million people), with a clear determination of the health authorities to extend it towards 100% by 2021.

Another challenge for effective health care is the pronounced territorial, gender and age imbalance of health workers in BiH, underlining the need for a strategic approach to the development of human resources in the health sector. The **ongoing emigration of health workers** puts a further strain on the health system, especially when it comes to specialist care.

Noncommunicable diseases (NCDs) are the biggest public health problem in BiH, accounting for over 80% of all deaths, with cardiovascular diseases (CVDs), such as heart attack and stroke, accounting for approximately half of all deaths in 2016.⁴³ High blood pressure, tobacco smoking, dietary risks, together with a metabolic syndrome (high sugar and cholesterol), are the biggest **risk factors for health** which drive the most death and disability combined in BiH.⁴⁴ The activities specified in two action plans for prevention and control of NCDs endorsed by authorities in RS and FBiH in 2018-2019⁴⁵ in a mid-term focus on improving governance for health through inter-sectoral action to address the burden of ill-health and social determinants of health in BiH, which include the most relevant risks for health, such as tobacco smoking, inadequate diet and lack of physical activity, in order to further reduce the consequences in deaths and disability in the population.

BiH is among the countries with the **lowest immunization coverage** in the region and one of the three countries in the region at high-risk of a polio outbreak (according to the RCC 2018 risk assessment ⁴⁶),

⁴¹ For example, children suffering from diabetes in some cantons are not entitled to insulin pumps in the framework of the regular health care services, while children with developmental delays do not always have access to dental care services.

⁴² World Health Organization. The Global Health Observatory. Universal Health Coverage. [online]. Geneva: WHO [Accessed 1 October 2019]. Available at: <http://apps.who.int/gho/portal/uhc-overview.jsp>.

⁴³ Health Status of the Population of Republika Srpska 2016 (Banja Luka: RS Public Health Institute) and Health Status of the Population and Health Care in the Federation of BiH 2016 (Sarajevo: FBiH Public Health Institute).

⁴⁴ Results of Global Burden of Disease 2016 study, available from: Institute for Health Metrics and Evaluation (IHME). Seattle, WA: IHME, University of Washington, 2017 [Accessed 12 October 2018]. Available from: <http://www.healthdata.org/results/country-profiles>

⁴⁵ Action Plan for the Prevention and Control of Chronic Non-Communicable Diseases of the Federation of Bosnia and Herzegovina 2019-2025 (endorsed by the Ministry of Health of FBiH January 2019), and Action Plan for the Prevention and Control of Non-Communicable Diseases of Republika Srpska 2019 – 2026 (adopted by the Government of RS in December 2018).

⁴⁶ The coverage for certain vaccines such as MMR is continuously decreasing (MCV1 in 2013 was 92% while in 2017 fell to 69%). About one third of districts in the country report coverage of DTP3 vaccine at less than 80% which is far from the required 95% coverage.

includes weak and insufficiently funded programme management and health promotion, a strong anti-vaccine movement, lack of demand and a lack of targeted immunization interventions for Roma.

BiH has the **lowest HIV prevalence rate in Europe** (less than 1 %) and sustained reduction of tuberculosis levels by more than 50%. According to the latest WHO estimates⁴⁷, Tuberculosis incidence in BiH in 2018 was 25/100,000 with total 669 TB-infected people (further reduced compared to 42/100,000 and 1,112 infected people in 2015).

Early childhood development services, including early intervention, are yet not fully available to all children across the country.

Access to **sexual and reproductive health** services for all women is not guaranteed, especially when it comes to pregnancy and prenatal and postnatal care. Services for pregnant women are not provided equally throughout the country and very much differ in their quality. Although a Policy on Sexual and Reproductive Health and Reproductive Rights in BiH was adopted at the state level (2012) and both entity level strategies provide excellent bases for the development of relevant activities in this area, their implementation is slow and hampered by the lack of strong commitments, including sustainable financing. *In vitro* fertilization (IVF) is regulated differently in both entities and Brčko District. The number of financed attempts is limited, depending on age, availability of funds and health insurance. The procedures of IVF are not available to unmarried women, which discriminates against single heterosexual women and LGBT women. Available data show a low rate of STIs, experts agree that this is a result of underreporting. Cervical cancer plays a significant role in women's cancer, although it is preventable with immunization or vaccine. Also, available data show that only 12% of women in BiH use modern contraception. Differences in mortality between sexes suggest the need for provision of preventive health care services (including cancer-screening programmes) and significant change in population lifestyle for prevention of non-communicable diseases. Comprehensive sexuality education is not part of school curricula (with the exception of Bosnian-Podrinje Canton), and education on health generally is limited.

Environmental Context

The country's **carbon dioxide emissions** amount to 25,539 Mt CO₂, with energy sector, agriculture, industrial processes and waste being the largest sources of CO₂ emissions. The climate change policy framework comprises the draft National Adaptation Plan which will identify the necessary resources and set timelines for implementing climate change-related policies and strategies, as well as the draft Fourth National Communication and the Second Biennial Update Report on GHG emissions, so the county can prioritize implementation of its National Determined Contribution (NDC). To delivery climate change-related policies and strategies, the institutional framework needs to be improved, alongside with adequate climate change competencies across government levels and stronger capacities. Climate considerations are not mainstreamed within policies and strategies and the level of alignment on EU climate acquis is limited. Commitment of BiH to international frameworks and agendas, together with the aspirations for accession to the EU, are a push-factor for government to speed up climate change policies and actions. Yet, much remains to be achieved in this regard.

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https://extranet.who.int/sree/Reports?op=Replet&name=%2FWHO_HQ_Reports%2FG2%2FPROD%2FEXT%2FTBCountryProfile&ISO2=BA&LAN=EN&outtype=html

BiH is highly exposed to **natural and man-made hazards**, especially floods,⁴⁸ with more than 20% of its territory prone to flooding⁴⁹ and more than 283,000 people exposed to very significant risk of flooding.⁵⁰ On average, floods impact annually about 100,000 people and about US\$600 million in GDP. Risks related to climate variability were highlighted by the 2014 floods, which led to more than 20 deaths, 90,000 people displaced and billions of dollars in damages (an estimated 15% of GDP). Landslides are also a complex and ever-increasing challenge for communities and businesses, with more than 260,000 people living in areas at very significant risk. Such natural hazards that can trigger industrial accidents (so-called “NaTech” events) – a risk that is exacerbated due to the increase of extreme weather events caused by climate change. BiH is a Party to the UNECE Convention on Transboundary Effects of Industrial Accidents Convention which helps protect people and the environment against industrial accidents, including “NaTechs”, by preventing such accidents as far as possible, reducing their frequency and severity and mitigating their effects. Inter-institutional cooperation needed to enhance the country’s industrial safety remains a challenge for BiH not allowing the country to have a coordinated policy-making in the area of industrial safety and technological disaster risk reduction. Full implementation of the Convention will contribute to the achievement of the priorities for action set out in the Sendai Framework for Disaster Risk Reduction 2015–2030 and the attainment of SDGs relevant for the prevention, preparedness and response to industrial and chemical accidents and reduction of technological disaster risks.

Climate change is contributing to pronounced rainfall variability and increasing temperatures, which are causing more frequent and intense droughts (36,3% of economic losses between 1990 and 2014⁵¹) and increasing the likelihood of storms, floods and landslides. BiH has a risk index of 3.70 (out of 10), which is the highest among western Balkans countries.⁵² The gradual degradation of water, air, forests, and agricultural land, as well as the accelerate pace of **biodiversity loss** further increases the risk of catastrophic shocks, in addition to putting sustainable economic growth at risk. These risks seem commensurate with environmental policy failure and the results of climate inaction are becoming more visible. The legal and policy framework⁵³ BiH’s professed aspiration to EU membership is the main driver for improving and completing the strategic and legal environmental framework in the country, including climate and disaster risk reduction and environment related data collection and management. Managing better climate and disaster related risks requires better information about water resources, including across borders, involving improving monitoring as well as related legal basis and procedures. Erosion and sedimentation affect sustainability of infrastructure investments and vulnerability to flood impacts.⁵⁴

BiH’s energy balance is made up of coal, oil, gas, firewood, hydroelectric power and other renewable energy sources. The main energy sources are coal (61.2%), oil (36.5%) and hydro (10.2%), whereas natural gas only accounts for 3.9%. Domestic production is 71% of the total gross inland consumption and the energy sector accounts for 6% of the GDP.⁵⁵ Accessibility to electricity is 100%. The country’s electricity interconnections with neighboring countries are sufficient, with no serious congestion. As for gas, the sole network interconnection with Serbia is in a poor state of repair and the country’s inland gas network is often overloaded in winter months. BiH is highly energy inefficient: it consumes about 20% of its GDP on

⁴⁸ The 2019 Inform Global Risk Index.

⁴⁹ World Bank, *Global Facility for Disaster Reduction and Recovery*, available at: <https://www.gfdr.org/bosnia-and-herzegovina>

⁵⁰ UNDP BiH (2017), Flood and Landslide Housing Risk Assessment.

⁵¹ Source: EM-DAT

⁵² INFORM Global Risk index, available at <https://drmkc.jrc.ec.europa.eu/inform-index/>

⁵³ UNDP BiH (2019), In-depth climate change vulnerability assessment.

⁵⁴ Jaroslav Černi Water Institute, 2019. Scoping Study on Erosion and Sedimentation in the Drina River Basin (Draft Report), UNECE.

⁵⁵ Framework Energy Strategy of Bosnia and Herzegovina until 2035.

energy, which is three times higher than in EU countries. 55% of the energy is consumed within the public and residential building sectors. At the same time, BiH has significant energy conservation potential and could base its mid-term economic development and generation of new employment on energy efficiency improvement measures in the residential and public sectors. BiH reached a 25.33% share of energy from **renewable sources** in 2016. Hydropower generation depends on hydrological variability and, on international rivers also on transboundary cooperation. Other renewable energy sources have significant potential, but various obstacles affect their development and investment. While beneficial renewable energy development involves important trade-offs with environment protection, in land use, forestry and water management.

In addition to acting as a drag on economic growth and modernization, energy inefficiency and carbon intensity contribute to the highest **air pollution in Europe** which far exceeds WHO and EU standards and causes one of the highest average mortality rates by air pollution in the world. According to the WHO, BiH is losing 21.5% of its GDP (US\$ 7,228 million) annually due to air pollution. Reliance on lignite for electricity and heat generation, old technologies in energy production and distribution (particularly in terms of inefficient thermal power plants and soft coal mines), extensive subsidies to fossil-fuel production and consumption (*inter alia* in electricity and district heating prices, especially for households), and inadequate support for investments in energy and water-use efficiency all contribute to this. There is neither a national or countrywide strategy or programme for air quality improvement and monitoring nor a functioning air monitoring network.

BiH is one of the richest countries in Europe in terms of **biodiversity**. However, alignment with the EU acquis on nature protection is very limited. The list of potential Natura 2000 sites and secondary legislation needs to be adopted. The major threats to biodiversity include unsustainable use of land and forests, habitat conversion, vegetation succession and invasive alien species, overexploitation of natural resources, waste mismanagement, inadequate fire protection, illegal hunting and fishing, and climate change. Biodiversity can contribute to the local population's livelihood in rural and underdeveloped areas, as well as rural development of certain, mostly protected, areas. Although a 2015-2020 Strategy and Action Plan for Protection of Biological Diversity⁵⁶ is in place, the list of Natura 2000 sites and secondary legislation needs to be adopted. There is no system in place for collecting information on biodiversity and systematic monitoring of the biodiversity. Also, implementation structures need to be established and the necessary human and financial resources secured for the implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).⁵⁷

Production intensification required significant changes in **land and water-management practices**, which led, *inter alia*, to concentration on an ever-smaller number of economically profitable higher-yielding species, varieties and breeds. Narrowing of the genetic resource base continues to affect the conservation and the use of genetic resources for food and agriculture, even if the trend towards the use of only a limited number of livestock breeds and crop varieties seems to have levelled off in recent years. As a result of the intensification the overuse of pesticides and fertilizers also became a threat to biodiversity, mainly because of the absence of agro-environmental policies and legislation. Therefore, the need arises to integrate agro-environmental approaches into rural development planning processes.

With regard to **water supply and wastewater**, it is estimated that 58 % of the population in BiH is covered by public water supply, while less than 40 % is connected to public wastewater system. Water losses amount to more than 50 %, leading to system failures including shortages, overexploitation of water sources and high distribution costs. Water tariff levels are often too low to cover operation and

⁵⁶ <https://www.cbd.int/doc/world/ba/ba-nbsap-v2-en.pdf>

⁵⁷ European Commission (2019), *Commission Staff Working Document. Analytical Report*, p.157.

maintenance costs, let alone enable capital investments. There is a need for further “commercialization” of water utilities. As for **solid waste management**, approximately 60 % of the population is covered by organized waste collection, with a lack of proper garbage collection and disposal frequently recorded in rural areas and poorer areas. Illegal dumping has become rampant, while waste is often thrown in rivers or on the roadsides. Nearly a quarter of **municipal waste** does not undergo any significant treatment or remediation, and virtually none of this waste is recycled.

Human Rights and Humanitarian Context

The war in BiH left behind chronically fragile institutions. Their capacity has been under strain due to the fragmentation, lack of coordination, inaccessibility and disempowerment linked to corruption and human rights violations that remain without prosecution. Advancing BiH’s ability to secure **human rights** is an important dimension of sustaining the fragile peace.

The DPA created a complex ethno-political and party-aligned/ethnicized administrative system with **discriminatory provisions** against minorities and the non-constituent citizens of BiH. Their political marginalization is de facto entrenched in the Constitution which leaves them with limited decision-making power. The constitutional and institutional order of the state blocks progress in various areas where it is urgently required and contributes to the violation of human rights, especially of members of minority or other vulnerable groups. Implementation of ratified human rights treaties is constrained by **limited accountability mechanisms**, making it a challenge to identify the proper duty-bearer for a particular provision. BiH’s deficient rule of law and lack of good governance poses a major threat to social and economic development and has hindered progress in attaining the SDGs.

The war in BiH **displaced** 2.2 million BiH citizens - over half of the pre-war population. To date, some 1.06 million returns have been recorded, almost half of them to locations where they represent ethnic minorities. According to UNHCR data, there are around 47,000 **vulnerable minority returnees**. Currently, out of 96,421 people still holding the formal status of an internally displaced person (IDP) in BiH, one third are believed to be vulnerable.

Serious shortcomings remain as regards the **effectiveness and impartiality of the judiciary**. Out of the estimated 1,502 war crimes cases dating back from 2008, as of end-2018 the backlog of the most complex cases was reduced by 409 out of 693 (-59%) and the number of less-complex cases was reduced by 602 out of 809 (-74.5%).⁵⁸ BiH intends to process all unresolved war crime cases by the end of 2023. Services, such as **support to victims and witnesses**, and provision of **free legal aid**, remain limited in availability and quality.

BiH is currently managing approximately 12,500 tonnes of **ammunition stockpiles**. Considering that the Armed Forces of BiH require 7,500 tonnes of ammunition to be fully operational, there is some 5,000 tonnes of surplus ammunition – including unsafe - over 35 years old that is subject to disposal. This requires an immediate action aimed at the reduction of ammunition stockpiles, which in turn will minimize the danger of uncontrolled explosions of munition sites that could cause potential loss of life, contamination at the local level. Mines still contaminate 2.1 %t (1,018 km²) of the country territory, affecting 545,603 residents in 1,398 communities (15% of the total population). Prevention of **illicit arms trafficking** at the border crossing points in BiH remains inefficient, which shows disparity compared to the higher number of firearms seizures inside the country.

⁵⁸ European Commission (May 2019), *Analytical Report accompanying the European Commission Opinion on Bosnia and Herzegovina’s application for membership of the European Union*.

Traffic accidents in the BiH cause significant human and economic losses amounting to 5.8% of GDP in FBiH and 2.1% in RS. There were 277 deaths from road traffic accidents in 2018. Sustained effort in improving road safety in BiH is needed and will be addressed through the BiH Framework Road Safety Strategy expected at the beginning of 2020.

Forms, prevalence and characteristics of violence against women⁵⁹: According to survey conducted in 2012, more than half of the women surveyed (47.2% in BiH, 47.2% in the FBiH and the RS, 47.3%) experienced at least one form of violence from the age of 15. During the 12 months preceding the survey, 11.9% of women in BiH had experienced some form of violence (FBiH 12.7% and 10.6% in RS). Findings indicate that the most frequent form of violence is psychological, with an overall prevalence of 41.9% during lifetime and 10.8% in the last year. The second most prevalent form of violence is physical with a prevalence rate of 24.3% during lifetime and 2.4% in the last year. Sexual violence has been experienced by 6% of women during their adult life, while 1.3% women have been victims of sexual violence in the last year. Perpetrators of violence against women are most often former or current partners. Research findings show that partner violence is evident in 71.5% of cases. In general, there is a much higher risk of violence against women in intimate partner and domestic relationships than in the wider community. Young women are more exposed to violence than older women (the prevalence rate of violence among women aged 18-24 is 56.38% and 44.2% in the case of women over 65 years). UNECE indicators indicate that young women are more exposed to actual physical violence, but that the prevalence of this form of violence during lifetime is higher among older women, except in the RS, where the rates remain the highest in the youngest category of women. Furthermore, women with poor health and disability are not spared from violence - prevalence rates are the same as in the sub-sample of healthy women and women without disabilities. Data on the frequency of violence indicates that occurrences of violence are not individual incidents, but that these practices are systematically repeated.

Factors of violence against women⁶⁰ were examined only in the context of partner and domestic violence, but not in regard to violence in the wider community. Analysis indicated as significant predictors of the violence against women the type of settlement in which women live, the material standard of their family, cultural factors such as attitudes towards gender roles and culture of conflict resolution in the family, as well as the presence of various family problems. The prevalence of domestic violence is higher in rural than in urban areas (49.2% vs. 44.3%). Material deprivation significantly increases the risk of domestic violence - 19.7% of women who do not live in deprived households have experienced violence compared to 26.3% of women from deprived households. In families where violence against women has been registered there are also pronounced patriarchal attitudes towards gender roles, although they are generally high throughout the sample. Furthermore, the culture of "tolerance towards violent conflict resolution" and the presence of various problems such as sick or immobile family member, alcoholism or aggressive behaviour by family member/s, are all factors that increase the risk of violence against women. For example, findings show that in households where there are seriously ill or immobile members, more than a third (33.4%) experienced violence, while the prevalence of violence against women in families without such difficulties was 19%. In households where problems with alcoholism have been identified, almost 60% of women have experienced violence, while this percentage is lower (20%) in households without such problems.

The **consequences of violence** are numerous, both immediate, for example in the form of physical injuries, as well as longer term, covert and indirect. Indicators of the World Health Organization on women's health show numerous different symptoms which are more often registered in the case of women who have

⁵⁹ Source: GBV prevalence study (2012) available at <https://arsbih.gov.ba/project/rasprostranjenost-i-karakteristike-nasilja-nad-zenama-u-bosni-i-hercegovini/>

⁶⁰ ibidem

been exposed to violence than in the cases where they have not. For instance, women who have been victims of violence in the past year, more frequently experience sadness (in 50.9% of cases of women victims of violence versus 24.7% of cases where women are not victims), anxiety and fear (46.1 % in the case of victims versus 22.4% where women are not victims), anorexia (24.4% vs. 17.8%), difficulties with concentration, clear thinking and learning (28.9% vs. 12.8%), and so on. In addition to these various psycho-somatic complaints, severe consequences of violence are injuries which women acquire in the case of physical or sexual abuse. A total 11.4% of women have had some form of physical injury, but it is important to point out that 96% of these injuries were registered in cases where women experienced physical violence in their lifetime. Most frequent forms of injuries are scratches, bruises, undetermined physical pain, but there is also a significant proportion of women who have experienced loss of consciousness, severe bruising, inflammation, etc. Some women are also exposed to very severe forms of violence, and consequently suffered from fractures or even wounds inflicted by weapons. The perpetrators of these injuries are most frequently current and former partners, followed by fathers. Experiences with services for support One important research finding is that many women omit to recognize violence. There is a general lack of awareness of different forms of violence as well as recognition of personal experiences of violence. Although a large number of women reported different individual experiences of violence, they did not perceive themselves as victims of violence. For instance, 58.4% of women who have experienced physical violence in the past year said that they did not view themselves as victims of physical violence. An even smaller proportion of women recognize their exposure to physical, economic and sexual violence. A small number of women victims of violence (actual and lifetime) take necessary steps in order to get out of this situation. About 17% of women who have experienced violence have, as a form of solution to their problem, tried separation, divorce, leaving the household, and only about 4% tried consulting. In addition, there is a significant discrepancy between what women think and what they do. In most cases women think that victims of domestic violence should seek some form support from relevant institutions, but only 5.5% of women exposed to violence actually sought this support. Especially worrying are the reasons why women are not contacting institutions. In the majority of cases these women did not contact institutions or organizations because they did not think they needed help. Other reasons included that they did not know who to contact, because of fear, shame, and low trust in institutions. Research findings further show that services provided to women who seek support as victims of violence, are not always provided in accordance with the principle of full protection of women. Thus, there were cases in which the police and health care workers did not treat women in an adequate manner (they treated woman as the provokers of violence, perpetrators were not removed, incidents were not reported and women were not referred to the appropriate institution or organization). It should however be noted that women in most cases reported relatively positive experiences, that is, they assessed that the support given to them, at least in part, helped to solve their problem of exposure to violence.

Specialized services for survivors of violence (shelters, SOS lines and free legal aid) are overwhelmingly provided by NGOs and are focused on domestic violence, while other forms of violence listed in the Istanbul Convention are not adequately addressed and lack relevant support services.

The effective implementation of legislation and protection measures is limited by perceptions and attitudes towards domestic violence and violence against women that often reflect deeply entrenched patriarchal norms. Recent surveys on perceptions towards gender roles have shown that over 40% of respondents believe that a good wife never contradicts her husband, and 28% of respondents do not

consider non-consensual sex to be rape if a woman does not physically fight back. Prevention work needs to focus on transforming gender stereotypes and attitudes that condone gender-based violence.⁶¹

January 2018 marked the onset of mixed-movement in BiH after previously popular migration routes to Western Europe through the Balkans shut down in 2017. The number of detected arrivals of **migrants and asylum-seekers** increased from 755 in 2017 to over 24,000 in 2018. Over 29,000 persons arrived in BiH from January through December 2019.

While for the majority the intended final destination is Western Europe, due to strengthened EU border control mechanisms, some 7,500-8,000 migrants and asylum seekers are currently estimated to be in BiH (mostly in Una-Sana Canton, Sarajevo, and Tuzla). The majority of them are in need of humanitarian assistance⁶². By the end of 2019 about 19 per cent were families with children and 12 per cent unaccompanied and separated children (UASC, primarily boys aged 15-17). Already in 2018, as a response, accommodation capacities were stepped-up. In November 2019, over 4,100 beds are available in the country in Temporary Reception Centres (TRCs) which also offer food, non-food items, medical, legal and psychological support, including tailored services for children and women. However, reception capacities are well below the number of persons in need, and in the winter months this will pose a serious challenge: migrants and asylum seekers outside of reception centres have limited access to limited outreach services only. Expansion of accommodation capacity is also needed to provide more protection to specific groups, such as unaccompanied and separated children (UASC). The national system to protect UASC in BiH - from identification and registration, to referral and protective services - has been overwhelmed in light of the current refugee and migrant influx, exposing UASC to heightened protection risks, including incidences of (gender-based) violence, abuse, and exploitation (smuggling and human trafficking).

In addition, the provision of humanitarian assistance is almost totally dependent on donor funding and the work of international and non-governmental organizations. Although State authorities have taken some steps in managing the refugee and migrant response, lack of clear and strategic decision-making coordinated among all interested levels of government (state, cantonal, and municipal), has been a major setback from the onset and continue to pose a challenge to a rapid and efficient humanitarian response. The lack of participation of RS authorities in the joint humanitarian response further exacerbates this problem.

Gaps remain in the humanitarian response: for example, in 2018 legal guardians were appointed for less than 25% of **UASC** identified by the UN; only they are able to access their rights and receive assistance. **Women, girls, boys and young men**, and LGBTQI, including those accommodated in reception centers, are exposed to high risks of GBV; the institutional response is limited and protection-sensitive accommodation is lacking. UN was able to establish three Women and Girls centres, as safe spaces to provide women with psycho-social support, access to sexual and reproductive health services and referrals in cases of GBV. In addition, UN has initiated establishment of the centres for boys and young men, with particular focus on vulnerable youth (utilizing the Boys on the Move methodology). Identification and referral of asylum-seekers are hindered by the limited capacities of asylum and migration authorities. Refugees and other persons under international protection face great difficulties to

⁶¹ See UN Women (2018), *Infosheet: Public perceptions of Gender Equality and Violence against Women*, available at: <https://www2.unwomen.org/-/media/field%20office%20eca/attachments/publications/2019/2018%20public%20perceptions%20of%20gender%20equality%20and%20vaw/bosnia%20and%20herzegovina.pdf?la=en&vs=4248>

⁶² See UNCT Monthly Updates, available at: http://ba.one.un.org/content/unct/bosnia_and_herzegovina/en/home/publications/unct---monthly-operational-updates-on-refugee-migrant-situation.html

integrate and in particular to access employment and housing. There is no comprehensive programme led by the BiH authorities to support their integration.

Further to that, a significant number of **pushbacks** from Croatia to BiH have been documented (some of them claimed to be violent). Refugees and migrants wishing to proceed towards Western Europe increasingly turn to smugglers, disregarding risks. In 2019, at least 20 persons lost their lives in BiH, many suffered physical injuries or developed mental health issues due to the hardship of the journey, and several have been victim of thefts, physical and mental violence, including kidnappings. There are indications that human trafficking and other forms of exploitation are severely under-detected. With regards to human trafficking and smuggling, most of the countries in the region struggle to investigate and prosecute cases of human trafficking and migrant smuggling, and cross-border cooperation in these areas is insufficient. BiH is no exception, with a very low number of victims of human trafficking identified in the past years. Smuggling cases are increasingly being investigated, but only in very few occasions through joint/parallel actions or investigations.⁶³

1.2. National vision for sustainable development

In general, the **development agenda** has not received adequate attention from the BiH authorities. The last country-wide strategic national planning process was concluded in 2007. While several sector-based national strategies have been adopted, BiH is yet to adopt a country-wide vision on its future development path, including the 2030 Agenda. The last attempt to prepare a mid-term strategic development framework failed in 2009, when the process became politicized and the framework was blocked before it could be endorsed by the BiH Council of Ministers. As a result, the country has lingered without a country-wide consultation process on needs and priorities.

The primary reason for this situation rests in negative political trends in BiH, and the inability of political representatives to overcome their political and ethnic divisions and establish a common vision for the country. Post-conflict residual issues, inter-ethnic tensions, and disagreement over constitutional competencies continue to dominate political discourse. As part of a larger political agenda, the competencies of the state-level authorities have been increasingly challenged by the RS authorities on the premise that the state-level authorities, with support of the international community (primarily the OHR), have exceeded their constitutional authorities. Any initiative to strategize BiH's needs and priorities is met with strong resistance and blockage by the RS authorities.

When defining BiH's vision for sustainable development, the process of European integration has to be considered. The **EU agenda** is arguably the only common denominator across the divided political structure of BiH, and the only strategic objective on which all the political structures in the country officially agree. Officials and politicians across the spectrum use the requirements of the EU accession process as a point of reference for their actions and decisions.

Despite the prominence of the EU agenda, BiH remains the last country in the Western Balkans to receive candidate status (with the exception of Kosovo under UNSCR 1244). Political crises and institutional deadlock impeded the EU accession process for years. A breakthrough was achieved with the formal agreement on the internal EU coordination mechanism and application for EU membership in 2016 followed by the complex and politicized process of addressing the 3,242 questions of the EC Questionnaire

⁶³ IOM (2018), *Enhancing Counter Trafficking in Crisis in the Western Balkans, Analytical Report*, available at: <https://bih.iom.int/sites/default/files/TRAFFIC/Analytical%20Report%20.pdf>; and US Government TIP 2019 Report

as part of the application's assessment. In May 2019, the European Commission issued its Opinion⁶⁴ on BiH's **EU membership application** which outlines the key challenges for the country on its way toward membership, but equally important, provides a set of priorities to be addressed before the country can open membership negotiations. The **EC Opinion's recommendations** include priority areas such as functional democracy, rule of law, efficient and impartial judiciary, promotion and protection of human rights, peacebuilding and public administration reform that will all have to be taken into consideration when defining the national sustainable development interlinking them with the 2030 Agenda and highlighting the complementarity of both agendas.

The EC recommendations have already been translated into a mid-term set of priorities and measures, widely known as the **Reform Agenda 2.0. (2019-2022)**, which has been endorsed by the two entity governments in autumn of 2019. The agenda under the name of the socio-economic reforms was adopted by the BiH Council of Ministers in February 2020. As a response to the pressing EU-related reforms, the Reform Agenda 2.0. is to focus primarily on accelerating economic growth, increasing the economic competitiveness and improving the business environment in the country. Furthermore, the Reform Agenda 2.0. aims to depoliticize and increase the sustainability and efficiency of state-owned Enterprises. The focus is also on reforming and improving the quality of the health care systems in the country and to systematically provide opportunities for youth, women, and other vulnerable groups. The EU agenda and the corresponding Reform Agenda 2.0. are very much complementary and aligned with the 2030 Agenda and the SDGs, which has been the premise of the UN advocacy efforts over the last 3 years. Nearly two thirds, or 65%, of the SDGs targets (109 out of 169) have a strong link with the Chapters of the Acquis.⁶⁵ This implies that meeting of requirements of the Acquis, to which the Reform Agenda 2.0. is expected to contribute, will also contribute to achievement of the SDGs targets in BiH.

The 2030 Agenda has also proven to be a valuable framework, which, on the basis of its universality and globality, provided an impartial external platform for initiating discussions on sustainable development in BiH, especially in conjunction with the development dimensions of the EU accession process. After substantial efforts on promoting the 2030 Agenda, including technical and financial support, invested by the UN in BiH, the authorities finally launched the process of the SDGs roll-out in 2018 with the confirmed commitment to formulate and adopt **the SDG Framework in BiH** as the overarching 2030 Vision for BiH, including key priority areas, accelerators for development and basic framework against which it is to report progress. The SDG Framework is also intended to serve as the baseline for the various state-level and sub-national planning processes that have been initiated or are about to be initiated. The first draft was produced at the end of May 2019 and continues to be refined through an extensive and reiterative consultative process with various government institutions, international partners, CSOs, the private sector, academia, etc. It is anticipated the finalized SDG Framework in BiH document, after extensive final round of consultations in the first quarter of 2020 will be ready for endorsement of the governments at BiH, FBiH, RS and BD levels in April 2020.

The SDG Framework contains the overall Vision 2030 for Bosnia and Herzegovina and translates the global goals and Agenda 2030 into specific country-wide objectives with the 'leave no one behind' principle and human capital as an overarching sentinel concepts for entire framework. Buy-in from key institutional partners from all levels has been secured and all are involved in its elaboration; their commitment to integrating the SDG Framework in their respective strategic planning processes is spelled out in the first

⁶⁴ Available at: <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-bosnia-and-herzegovina-opinion.pdf>

⁶⁵ Unraveling connections: EU Accession and the 2030 Agenda – case of Montenegro. Available at: <http://www.un.org.me/Library/DaO-UNDAF/Unraveling%20Connections%20-%20EU%20Accession%20and%20the%202030%20Agenda,%202018.pdf>

SDG VNR document presented at the HLPF in July 2019. For further detail, please refer to Section 1.3, below.

The three Development Pathways emerging from this framework are:

- Smart growth;
- Society of equal opportunities; and
- Good governance and public sector management.

Smart growth pathway needs to ensure transformation of innovative and productive ideas into goods and services that can create new highly skilled and well-paid jobs, that would lead to greater productivity, accelerated growth, preservation of natural resources and reduction of social inequalities. This pathway is concerned with development of entrepreneurship, industrial policy and transformation of key sectors including proactive promotion of innovative capacities and productivity, enabling companies to experience accelerated growth and development of innovation sector, as precondition to ensure prosperity from creation of highly skilled, highly paid jobs. Attracting more people to entrepreneurship, advancement of business environment and access to finance for innovation, research and science, advancement of knowledge and skills are needed for production of high-value goods and services that can unlock high growth and ensure closing convergence gap with high-income countries. This development pathway puts in focus sustainable economic growth that applies smart management of natural resources and use of clean energy (green growth), higher resilience to natural disasters that at its core aims to create more equal society and reduce inequalities.

Society of equal opportunities pathway focuses on the leave no one behind principle. Aside from public administration reform and faster growth, income and employment, systems of social protection also need to be improved as well as improvement of access to education, training and job market in order to better equip and protect those that are faced with greatest vulnerability and poverty risks (for example, the elderly, children, people with disabilities, those living in remote rural areas, ethnic minorities and certain vulnerable groups of population) and advance social cohesion and trust in institutions. At the same time access to universal healthcare through health policies and programmes needs to be ensured and have as priority those most excluded to ensure greater equality which is the key objective of the Agenda 2030.

Good governance and public sector management pathway is crucial in order to develop responsible, transparent, efficient and effective public sector that can ensure rule of law. Specific priorities include reorganization of development and coordination of policies, ensuring better quality of services to citizens and business community, improvement in public financial resources management, reform of publicly owned enterprises, reduction of corruption and ensuring functional judicial system.

Apart from the three development pathways, **two horizontal themes** are defined which are crosscutting throughout the three pathways, namely Investment in the human capital for the future and Leave no one behind.

Human capital for the future

Human capital is increasingly more recognized as one of the main factors affecting development. Without continuous investment in individual development, lifelong learning and acquisition of skills, it is almost impossible to succeed and have a career in the 21st Century. Human capital is considered to be nonmaterial collective resource inherent to individuals and groups within a particular population. Human capital is not just knowledge and skills, but also experience, creativity, individuality, good health and moral character. In business, human capital is considered as investment of employers and employees as crucial not only for development of the company but of entire society. If we look through the prism of public policy, citizens and public policies need to jointly invest in human capital and valorization of that human

capital. Different analyses ⁶⁶in Bosnia and Herzegovina demonstrate that insufficient investment in human capital, as well as its proper valorization leads to people leaving the country at ever greater numbers. This framework intends to address this through the three development pathways. According to the World Bank Human Capital index, in 2017 Bosnia and Herzegovina ranked 58th out of 157 countries with the index of human capital of 0.62. This means that a child born in Bosnia and Herzegovina today will reach only 62% of its potential in adult age in comparison children benefiting from full and quality education and health provision. Placing human capital central to development and creation of policies that focus on development of human capital can help stop the negative emigration trends and perhaps reverse of the trend with some population abroad returning to home country.

Leave no one behind

The SDG Framework in BiH proposes introduction of the principle of leaving no one behind in practice and foresees establishment of mechanisms for implementation from local to international level and measures that will enable advancement of the principle through implementation of SDG Targets that focus on eradicating inequalities. Achieving SDGs will not be possible unless the poorest and most vulnerable benefit from advancement and development of the society. It is therefore crucial to comprehensively assess and understand which persons are deprived and excluded in Bosnia and Herzegovina, in which parts of the country they are, what are the causes and effects of the neglect they experience and which policies need to be defined to ensure that their position in the society is much advanced. In Bosnia and Herzegovina LNOB was explored through the prism of social inclusion and social protection. However, this concept is much more comprehensive than previous approaches and calls for fresh perspectives and new interventions to provide to those left behind opportunities to lift themselves from current situation with appropriate and comprehensive support. Thus considerable focus in the SDG Framework on accelerators and drivers that contain policies and measures for those left behind and excluded (through a concept of positive discrimination).

1.3. Country progress towards the 2030 Agenda

BiH is yet to formally define its 2030 Vision, including its priorities, targets and indicators, which will guide the SDG implementation and allow progress to be monitored. Therefore, at this stage, the progress made concerns the localization and prioritization of the SDGs in BiH rather than progress in achieving the SDGs in the country. The SDG localization and prioritization process in BiH was launched following the investment of substantial efforts by the UNCT in promoting and advocating the 2030 Agenda and its significance for BiH's political and developmental context.

In early 2018, the **institutional set-up for the SDGs implementation** was established as a prerequisite for proper national ownership and leadership of the SDGs agenda in BiH. An Inter-governmental SDGs Working Group was established in February 2018, composed of the relevant BiH authorities (statistics/planning/ministries) from various levels of governance.⁶⁷ The Working Group developed its

⁶⁶ For example, MEASUREBiH research shows that most important reason for emigration of youth is due to lack of work opportunities http://www.measurebih.com/uimages/MEASURE-BiH_NYS2020182007262018.pdf.

⁶⁷ BiH/State level is represented by: Ministry of Foreign Affairs (Co-chair), Directorate for Economic Planning and Agency for Statistics of Bosnia and Herzegovina. Republika Srpska is represented by: Ministry of European Integration and International Cooperation, Statistical Institute and Unit for Strategic Planning of the General Secretariat of the RS Government. Federation of Bosnia and Herzegovina is represented by Institute for Development Planning, Institute for Statistics and the Office of the Prime Minister of Federation of Bosnia and Herzegovina. Members of the SDG WG are also Brčko District and UN Country Team in BiH (Co-chair).

Terms of Reference as well as the SDG Rollout Roadmap in BiH document which outlined the process of prioritization and localization of the SDGs in BiH. Members of the SDGs Working Group are responsible for communicating, informing, coordinating and engaging over 169 ministries and numerous specialized institutions across various governance levels in BiH, including 141 local governance units.

In line with this Roadmap, the SDGs Working Group agreed to work on two key strategic documents: The SDG Framework in BiH and the first BiH **SDGs Voluntary Report**.⁶⁸ The first National Voluntary Report was presented at the High-Level Political Forum in New York in July 2019.

The work on the **SDG Framework in BiH** as the overarching guiding document for national and sub-national planning processes, is expected to be completed in the first half of 2020 following a series of comprehensive and reiterative consultation processes that started in October 2016 and intensified from May 2018. To date, over 4,000 citizens were consulted through Zamisli2030/Imagine2030 initiative, comprehensive two day multi-stakeholder consultations with 250 people were held in May 2018 and repeated in June 2019, dedicated consultations were organized with different levels of government (RS, BiH), and numerous written comments were received on SDGs/Agenda2030 from multiple partners. Agenda 2030/Sustainable Development Goals in BiH reiterative consultation process, spanning over a number of years has been the most participative and consultative process to date in the country, with additional rounds of consultations on the SDG Framework in BiH document foreseen in the first half of 2020. Numerous lessons learned from the process are helping in shaping up sustainable development stakeholder forum around Sustainable Development Council in BiH that is proposed is institutional set-up for the country in the most recent draft version of the SDG Framework in BiH document from February 2020.

Monitoring and reporting mechanisms for the SDG Framework in BiH are also being shaped up with clear role for statistical institutions in this regard, and civil society and the parliaments.

BiH also started implementation of its national database on disaster losses, which will allow reporting against disaster risk reduction related indicators of the SDGs (i.e., goals 9, 11, and 13). While requiring further support from partners, this process is supposed to be concluded by end of June 2020 for the BiH state level.

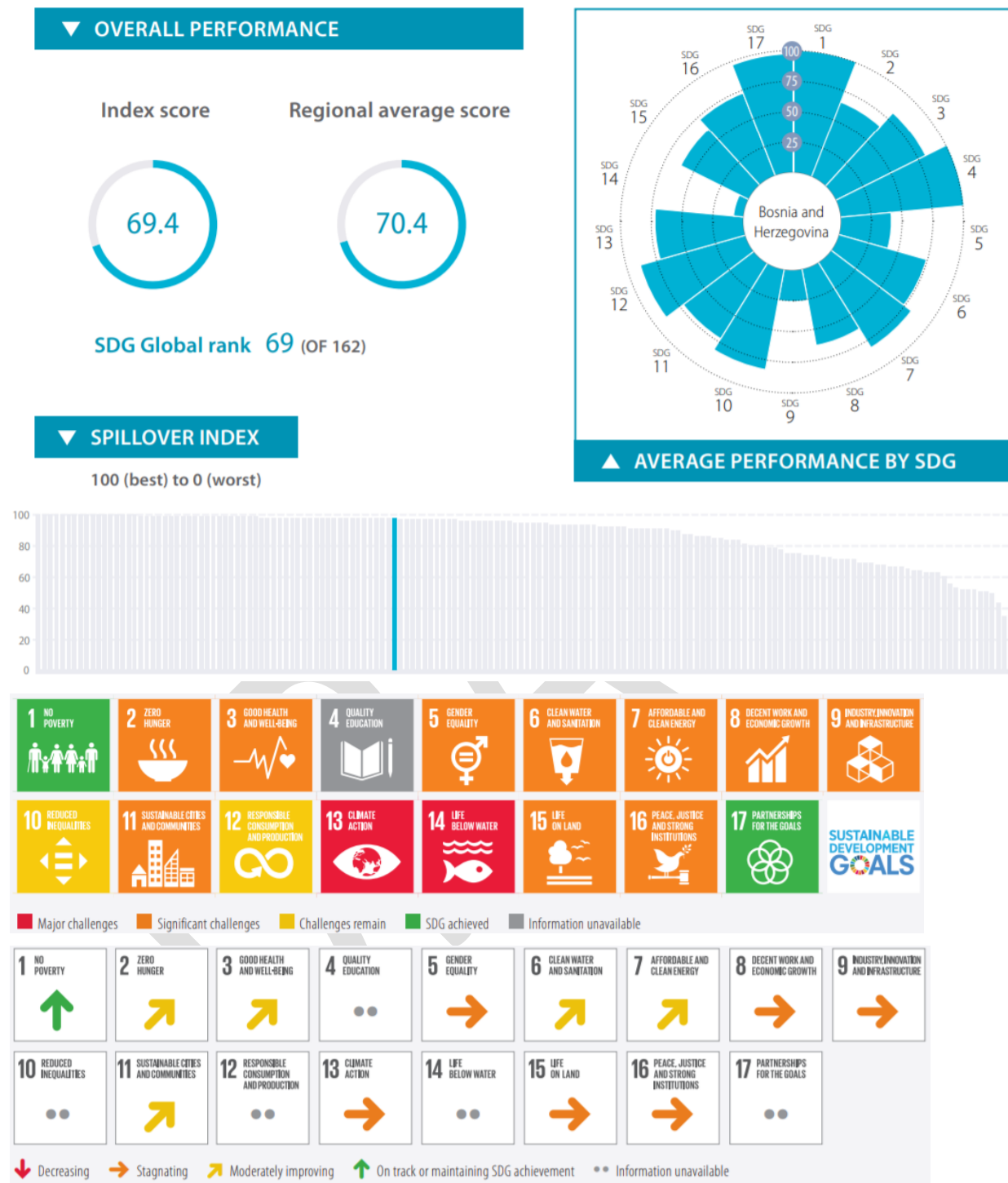
Awareness raising via Zamisli2030 initiative has been in place since 2016 which continues to be one of the main awareness and engagement approaches with the SDGs. Basic awareness-raising has been undertaken to ensure smooth and sustainable **localizing of the SDGs**, which will entail transferring the national SDG targets into development strategies at sub-national government levels, as well as reinforcing targeted implementation of SDGs at the local level through dedicated financial support. Coupled with capacity development and advocacy at the grassroots level, BiH is preparing the ground for future implementation of the SDGs, with an active role for and contributions from cantonal and local governments, collaborating with their communities, private sector, academia and civil society.

According to the **2019 SDG Index and Dashboards Report** produced by the Sustainable Development Solutions Network (SDSN) and the Bertelsmann Stiftung, BiH ranks 69st out of 162 countries reviewed, with a total score of 69.4.⁶⁹

⁶⁸ Available at: https://sustainabledevelopment.un.org/content/documents/23345VNR_BiH_ENG_Final.pdf

⁶⁹ The SDG Index score indicates a country's position between the worst (0) and the best (100) for target outcomes. According to this index, the highest-ranking country is Denmark with an overall index score of 85 (the country is on average 85% of the way toward achieving the best possible outcome across all 17 SDGs).

Figure 4—SDG Index for BiH, 2019



Source: Bertelsmann Stiftung and Sustainable Development Solutions Network (2019), *Sustainable Development Report 2019*, pp.122, available at: https://s3.amazonaws.com/sustainabledevelopment.report/2019/2019_sustainable_development_report.pdf

While the SDG Index is available comparable method to estimate in broad strokes where the countries are in relation to the achievement of the SDGs, and each other, the main limitation of the approach is use

of limited number of indicators and omitting some which might considerably skew the picture if used (e.g. official relative poverty line in BiH at 16.9 percent, which, if used would change the current apparent achievement under the SDG 1).

The establishment of meaningful platforms and bodies for multi-stakeholder engagement, as well as establishment of monitoring, reporting and evaluation mechanisms and better integration of the SDGs and EU accession processes, will be the focus in the forthcoming period. The Intergovernmental SDG Working Group is of a temporary nature, linked to the SDG Rollout project. Given BiH's complex administrative set-up there is no appetite for new mechanisms, bodies or institutions; however, given the complexity of the SDGs and the need to work across sectors with multiple stakeholders, with interwoven social/economic/environmental paradigms, this needs to be revisited. One option might be the **establishment of a Sustainable Development Council**, which keeps the core structure of the current SDG Working Groups and adds several institutions (particularly – ministries of finance). Preserving the core members and engaging them in the future implementation and monitoring of the SDG framework will capitalize on the existing ownership and knowledge within institutional counterparts and enable smoother transition towards coordination and realization of SDGs To avoid parallel systems and full integration of the SDGs into the public system, the UN will encourage mainstreaming of the SDG priorities and accelerators in the development strategies at state, entity, cantonal and local government levels, thus setting the ground for their linkage with budgets and implementation.

That, on the other hand, will also enable localization of the SDGs and translating them into local actions. Localization of the SDGs will be supported by broad-based development partnerships, with the private sector and civil society playing an important role.

Since formal baselines, targets and indicators are yet to be adopted by the BiH authorities, progress is difficult to measure. For example, overall progress in relation to SDG 3 on Good Health and Well-Being cannot be tracked in the absence of an SDG Monitoring Framework as there have been no relevant statistical surveys organized beyond the latest MICS Round 4, from 2011. The country in general has insufficiently developed statistical systems that are underfunded and largely depend on international support for organization of censuses and other surveys. Another problem occurred with the use of outdated master sample framework (developed in 2009) that could not be updated with census data due to differences in methodology used for census data analysis by the entities. However, a process is under way for the development of a new sample framework that should enable implementation of many pending surveys in the country (including continuous LFS, SILC, etc.).

1.4. Leave no one behind

The concept of 'leave no one behind' is aimed at eliminating the multidimensional causes of poverty, inequality and discrimination and reducing the intersecting and multiple vulnerabilities of the most people who are most at risk. In BiH, these include children, older persons, persons with disabilities, Roma, LGBTQI, internally displaced persons and returnees, refugees, asylum-seekers and migrants. Discrimination based on gender aggravates position of women in each of those groups requiring additional gender lenses when analyzing application of this concept in BiH⁷⁰.

⁷⁰ For more CEDAW Committee (2019) Concluding observations on the sixth periodic report of Bosnia and Herzegovina, para.43., available at: https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CEDAW/C/BIH/CO/6&Lang=En

Significant gaps in the policy framework dealing with high levels of **poverty and social exclusion** in BiH include (i) the very low level of public expenditure on traditional social assistance to meet the needs of those in poverty or social exclusion and provide a minimum level of income needed to support a normal life, (ii) the need for further training of social workers in Centers for Social Work and the reduction in their caseload so that they can deal more effectively with clients, (iii) the critically high level of unemployment and especially youth unemployment, well above that in most European countries.

Targeting social assistance towards the most vulnerable in BiH is at a very low level. Major bottlenecks include a highly fragmented configuration comprising fourteen largely independent systems resulting in disparities in availability, accessibility and budgetary allocations; status-based cash benefits allocation (war veterans' benefits); and lack of competencies and resources of the Centers for Social Work. Eligibility for social assistance is frequently based on criteria that lead to discrimination against some disadvantaged groups, and vulnerable people receive different benefits based on their location.

Furthermore, the performance of social service providers at the local level is affected by significant challenges in terms of human, financial and technical capacities. Services, particularly for vulnerable children (those coming from a minority, rural areas, and children with a disability) are scarce, and where they exist, they are often provided with limited time and resources, affecting the quality and overall accessibility.

Marginalized women

Traditional gender roles are still widespread in BiH and are reflected in indicators ranging from labor-force participation to the composition of the BiH parliament. The likelihood for gender-based social exclusion thus exists at many different levels, but the following have been identified as key groups at risk of being left behind:

- Roma women and girls;
- women living in remote and rural areas;
- older women;
- women with disabilities;
- women survivors of SGBV during war in BiH
- women with diverse sexual orientation and gender identities; and
- women returnees in remote areas, stateless women, and women asylum seekers and refugees.

Women who belong to marginalized groups continue to face intersecting forms of discrimination, including long-lasting social exclusion of Roma women; absence of reasonable accommodation and inclusive services for women with disabilities; lack of information on the coverage of social protection schemes for migrant women and limited access to health-care services, including maternal care services, high level of sexual violence against refugee and asylum-seeking women and girls in reception centres, as well as the lack of gender-sensitive asylum-seeking procedures; stigmatization and discrimination faced by lesbian, bisexual and transgender women⁷¹. Women who survived sexual and gender-based violence during the war are amongst the most vulnerable ones. Many survivors still suffer from the physical and psychological consequences of their wartime experience and remain in a situation of displacement with housing, employment, health and psycho-social support needs, with limited recourse to address these

⁷¹ CEDAW Committee (2019) Concluding observations on the sixth periodic report of Bosnia and Herzegovina, para. 43.

issues. Inadequate and inconsistent laws on the rights of victims of torture and administrative practices at various levels makes accessing rights challenging.

The hardest challenges that majority of these groups are facing pertain to economic gender inequalities (especially in terms of employment and access to economic resources, family planning, unpaid work, family care, property ownership, pay gap, limiting elements for the development of women entrepreneurship, etc.), and gender-specific patterns of upbringing practices, traditional and patriarchal values. Other barriers include inefficient mechanisms and response to violence against women, as well as low participation of women in decision-making positions in public life.

Women are around a third less likely to participate in the labor force than men and this is the case for all ages,⁷² and women account for 56.9 %⁷³ of registered unemployed persons in BiH. Compared to other countries in the region, BiH has the lowest percentage of women's participation in the total number of persons registered on the labor market.⁷⁴ Labor force participation of marginalized Roma women was only 13%, versus 39% among their male counterparts.⁷⁵ Women have a preference for the public sector that employs 37% of women compared to 30% of working men.

Despite increasing, both the activity rate and the employment rate of women were low compared to most other countries in the region, and the country maintained substantial gender gaps in employment. The LFPR of women has remained substantially unchanged in FBiH and has moderately increased in RS. If we look at age groups, the activity rate of prime-age female workers (25-49) has decreased in recent years, but it is projected to improve over the coming period. All measures of labour underutilization of women are also projected to decrease across all age groups over the coming years (ILO estimates). Meanwhile, it has been compensated by the increase in LFPR for 50-64 years old women (almost 4 percentage points in 2019 compared to 2017).⁷⁶

The low activity rates – of women, in particular – have been the subject of numerous studies (e.g., Atoyan and Rahman, 2017; Petreski et al., 2017; UNDP, 2016). Apart from cultural and religious reasons, family responsibilities or lack of affordable childcare services (especially in rural areas), and low educational levels are the primary causes of female inactivity.

With regards to emigration, compared to the Nineties, in the 2010s, women made up an increasingly large share of emigrants surpassing men in BiH. The reason is that emigrating women in the last years were not only dependents but also active job seekers. Education levels of emigrating men and women are more or less comparable. Employability of emigrants abroad present some gender differences: in 2011, around 70% of men were employed, against 60% women. The unemployment rate is comparable between the two sexes, while more women tend to be inactive.⁷⁷ Regarding remittances, there is very little information on gender disaggregated use of remittances or their influence on men and women participation in the labour force.

⁷² United Nations. SDG Diagnostics Bosnia and Herzegovina.

⁷³ Agency for Statistics of Bosnia and Herzegovina. Demography and Social Statistics – Registered Unemployment in June 2019. Published on 20 August 2019. Available at: http://bhas.gov.ba/data/Publikacije/Saopštenja/2019/LAB_03_2019_06_0_BS.pdf Pg. 2.

⁷⁴ Sixth Bosnia and Herzegovina Periodic Report on Implementing the Convention on Elimination of all Forms of Discrimination Against Women 2013-2016 (2017). Pg. 29.

⁷⁵ United Nations Development Program. Regional Roma Survey 2017: Country fact sheets.

⁷⁶ LFS 2019

⁷⁷ Source: World Bank Group study “Western Balkans Labor Market Trends 2018”. Additional source: IOM-UNDP Diaspora Mapping, page 210

The area of healthcare is particularly challenging for women with disabilities, as health professionals are rarely educated on how to provide adequate care. With regards to Roma women and girls, it is evident that patriarchal values and gender roles are deeply entrenched according to several indicators, such as access to education, early child marriage and attitudes towards domestic violence. Paternalistic social norms and behaviors limit the space for participation of adolescents in decisions affecting their lives, particularly of girls.

Issues of gender equality are intertwined with challenges in the agricultural and rural development sector. Rural women are more involved in performing agricultural tasks which are poorly paid or not paid at all while male labor works outside the holding and regularly generates monetary remuneration and other benefits (health and pension insurance). The UN CEDAW Committee noted with concern that rural women and girls bear a disproportionate burden of unpaid work at home and in agriculture, which prevents many girls from completing secondary education⁷⁸. Also, women traditionally do housework which consumes substantial time during the day.⁷⁹ Significant gender disparities exist in land ownership (men own more than 88 percent of households, land and farms in rural areas) and in access to other productive resources such as finance, agricultural inputs, and knowledge and innovation. Compared to urban women and rural men, rural women are largely excluded from decision-making and from communication channels with the administration, which limits their capacities to raise their voice and express their needs. Rural women and Roma women have limited access to social protection benefits and to health insurance compared to urban women and men.

One of the greatest challenges pertain to lack of specific, relevant and gender-disaggregated data on marginalized groups and in particular women as well as consequently to lack of understanding how intersectionality influences their quality of life, access to rights, services and institutions. They face legal, institutional and socio-economic barriers making them more vulnerable and exposed to domestic violence, health risk factors and poverty.

Services for protection from domestic violence are not equally accessible for all people, in particular minority disadvantaged groups or socially excluded persons, and providers do not have the human or financial capacity to include specialized services for survivors of violence in the majority group, let alone for survivors from minority groups. Research on access to services has shown that most first responders in cases of domestic violence – 67% of police and 82% of centers for social work – do not use any special approach or procedure when it comes to provision of services to women from marginalized groups. For example, most service providers cannot offer support in Romani language or sign language or provide adapted information about their services for persons with intellectual disabilities. Furthermore, shelter services are inaccessible to marginalized groups of women, and there is no adequate shelter space as outlined in the Istanbul Convention.⁸⁰

Nevertheless, the needs of these marginalized women are recognized to an extent in key strategic documents on gender equality (such as GAP BiH), and continuous efforts have been made towards the advancement of human rights and raising awareness of their rights.

⁷⁸ Ibid. para. 41.

⁷⁹ *Strategic Plan for Rural Development of Bosnia And Herzegovina (2018-2021)*, available at: http://www.mvteo.gov.ba/data/Home/Dokumenti/Poljoprivreda/Strategic_Plan_for_Rural_Development_of_BiH_Eng.pdf

⁸⁰ UN Women (2019), *Essential services: Analysis of the access to support services (health, police and justice and social services) for women belonging to marginalized groups who have experienced violence*.

Children, adolescents and youth

Children are consistently found to be the most vulnerable group in BiH, with the absolute poverty rate for children 30.6% in 2011. The social exclusion of families from rural areas, Roma families, and families with children with disabilities is multidimensional. While the latest Household Budget Survey indicates that every sixth household in the country is poor, the poorest households are those families with two or more children (23%).⁸¹ In addition, between 0.24% and 0.35% of children live without parental care.⁸²

A child born in BiH today will reach only 62% of their productive potential when they grow up as compared to a child born in countries with the best education and health care, according to the World Bank's Human Capital Index. When assessing education in BiH, the report shows that on average children can expect to complete 11.7 years of schooling by age 18. However, this is only equivalent to 8.6 years of effective learning.

Adolescents in BiH are less likely to benefit from social protection benefits due to age limits. There are significant gaps in the provision of child cash benefits, either based on geographical criteria or age limits. In general, cash benefits for school-age children and adolescents above the age of 15 are conditioned on regular school attendance. The lack of social protection is known to contribute to child labor and exposes adolescents in street situations to violence, abuse and exploitation. Mechanisms to prevent, identify and address violence are often weak.

Health, education, social protection and justice services for children continue to suffer from a lack of human, financial and technical capacities as well as the limited outreach and coverage, particularly for marginalized and vulnerable children, such as Roma children, children from rural areas, children with disabilities, and refugees and migrant children.

Physical and sexual violence against children is worryingly high, the highest in the Western Balkans. According to the 2011-12 Multiple Indicator Cluster Survey (MICS), 55% of children aged 2-14 had experienced a violent method of discipline, with 40% subjected to physical punishment and 42% to psychological aggression. There is a need to ensure updated data is collected and trends are closely monitored regarding prevalence, attitudes, knowledge and practice around all forms of violence against children. Children in institutional care represent over 50% of all children in alternative care. This needs close monitoring to ensure the number of foster care and kinship care placements increase as a share of care placements; the number of children in institutional care declines; and the number of children at risk who receive support in their families increases.

In BiH, according to the FES Youth Study 2018-2019,⁸³ 64.1% of young people (14-29 years old) are unemployed, of which only 22 percent say that they are actively seeking employment; only 15% of young people say that they have permanent employment, while approximately 23% of young people have part-time work.⁸⁴ According to the Central Intelligence Agency of the United States (CIA, 2017), Bosnia and Herzegovina occupies first place in terms of the percentage of unemployed young people aged 14–24, with the percentile of unemployed youth being as high as 62.3%.⁸⁵ In addition to unemployment, youth

⁸¹ BiH Agency for Statistics (2018), *Household Budget Survey in Bosnia and Herzegovina 2015*.

⁸² UNICEF (2016), *Situation Analysis on children without parental care in BiH*. Government statistics from the end of 2017 showed that there are 1,313 children in alternative care across the country, of which 56% are in care homes and 44% in foster care.

⁸³ Friedrich-Ebert-Stiftung (FES), 2019, *Youth Study Bosnia and Herzegovina 2018/2019*, available at <http://library.fes.de/pdf-files/id-moe/15262.pdf>

⁸⁴ Ibid., p. 45

⁸⁵ Ibid., p. 45

in BiH continues to face numerous challenges in terms of education, social protection, civic engagement, and standard of living.

Results of the National youth survey (2018) showed that although, young men and women face similar problems, in particularly related to employment, men are more likely to have a job while women are more often inactive in the labor force. They differ in their education status and field of education. Programs in science, mathematics, computing, engineering, and construction are more popular among young men, while young women more often study fields like health, welfare, teacher training, and education. Women are often working in positions requiring highly professional skills, but also as clerical support and service or sales workers. On the other hand, men are more often employed as craft and related trade workers, plant or machine operators, assemblers and drivers, and workers in elementary occupations⁸⁶.

The results of the Global survey of smoking amongst youth in FBiH conducted in 2013, and covering students age 13-15, showed that 14% of boys and 13% of girls smoke on a daily basis.⁸⁷

In parallel, the FES Youth Study 2018-2019 also shows that “populism remains an issue, as support for a strong party and leader representing the common folk in general is high” and young people in BiH score an aggregate average of 76.4 on a 0-to-100 scale of authoritarianism.⁸⁸ When coupled with ethno-nationalist politicians’ insistence on divisive and toxic narratives (including glorification of accumulated, war-related pain and trauma), this creates a fertile ground for radicalization of youth and represents a risk to sustaining peace in the country.

Older persons

Ageing is perceived as a major demographic, economic and social concern in BiH as health problems of older persons tend to increase, physical and mental capacities decline, and people become more dependent on others. These changes bring multiple risks of social exclusion, with particular risk factors including low retirement income, living alone without family support, poor health, and physical distance from services. With the emigration of the young population, large numbers of old people are left alone without the traditional family network to fill the gaps in the social protection system. Widespread poverty further worsens their situation. With a declining ratio of working-age population to those 65 years and older, concerns arise to the sustainability of social welfare systems, including the pension systems. A further concern is the prevalence of illiteracy in this age group, especially among older women: In the age group 60-70, 15.03% of women are illiterate while in the age group over 70, 49.1% of women are illiterate.⁸⁹

Older generations play an important role in the provision of care to their children and grandchildren, as well as their partners, older relatives, and relatives with disabilities. The long-term viability of such intergenerational support systems is debatable, as family size declines and women increasingly participate in the labor force into older ages. The region’s societies increasingly rely on informal care when confronted

⁸⁶ Monitoring and Evaluation Support Activity (MEASURE-BIH) (2018) National Youth Survey in Bosnia and Herzegovina: Findings Report, available at http://www.measurebih.com/uiimages/MEASURE-BIH_NYS2020182007262018.pdf

⁸⁷ The Federation of BiH Public Health Institute (2016), *Population health status and health services provision in the Federation of BiH in 2015*, available at: http://www.zzjzfbih.ba/wp-content/uploads/2014/04/13-07-zdravstveno-hrv_jez-1.compressed.pdf

⁸⁸ Friedrich-Ebert-Stiftung (FES), 2019, *Youth Study Bosnia and Herzegovina 2018/2019*, p. 54

⁸⁹ Sixth Bosnia and Herzegovina Periodic Report on Implementing the Convention on Elimination of all Forms of Discrimination Against Women 2013-2016 (2017), p. 27.

with population ageing and growing needs for long-term care. Middle-aged women are likely to be the first responders to informal care needs, often bearing a triple burden as they care for the younger and older generations while remaining engaged in the labor force, with implications for their own health and wellbeing. Despite their predominant engagement in non-paid care, capacities of older persons for community development remain high and could be utilized as such through voluntarism. This would have double impact, on one hand through elevated development of the country and on the other through improved mental health of older persons.

Policies on ageing already envisage the promotion of healthy lifestyles and behavioral changes in dietary intake, alcohol consumption and smoking across generations, and the eradication of inequalities and disparities in access to services that may serve as risk factors. Initiatives related to life-long learning and intergenerational support, as well as inclusion of older persons in community development through voluntarism, are also planned. The Strategy on Ageing in RS has been adopted in 2019 while adoption of the same strategy in FBiH awaits the constitution of new government.

Persons with disabilities

Persons with disabilities, including children, are the most marginalized of all excluded groups as many of them rarely leave the house because they cannot, dare not, do not want to, or because their families try to keep them hidden. The rights of persons with disabilities, including children, are only partially realized in BiH. This is due to multiple factors including stigma and a lack of access to quality services in early childhood and later in life, due to the inappropriate public funding allocations and a lack of public system sensitivity to this issue. This is evident in the structural gaps from the level of defining disability to service provision.

There is a lack of common definition of disability in BiH, which makes assessments of disability status difficult and not aligned with the CRPD, despite BiH's commitment to the CRPD, and a lack of coordination on issues relating to persons with disabilities. Gaps still exist in relation to making persons with disabilities, including children, more visible in state, cantonal, municipal and local-level action plans. There is a lack of harmonization of laws at the state, entity, cantonal, municipal and local level with international treaties and standards. While there are indications that the stigma related to the disability is lowering, persons with disabilities are often multiply socially excluded through education, health, social protection, construction, traffic and other sectors and they often suffer the most in the cases of natural disasters or human made emergencies. A child's disability often impacts the family dynamics, including economic status and mental health, and at times results in separation and even children being placed in alternative care.

According to data from the 2013 census, 4.5% of women in BiH live with some form of disability, but the Disability Policy of BiH estimates the number to be at least twice as high; every second family has a member with a disability. Adequate social support is therefore crucial to provide equal opportunity to people with disabilities, including women. UN CEDAW Committee noted with concern position of women with disability and recommended to the BiH Authorities to adopt a national strategy for women with disabilities and ensure the meaningful participation of organizations of women with disabilities at all stages of its development and implementation⁹⁰. One step was made through the Strategy for the Improvement of the Rights and Position of Persons with Disabilities (2016-2021), which includes a measure on the strengthening employment, self-employment and entrepreneurship for women with

⁹⁰ CEDAW Committee (2019) Concluding observations on the sixth periodic report of Bosnia and Herzegovina, para. 43(b) and 44(b)

disabilities. But the predominant way the state relates to people with disabilities is a charitable act based on a medical approach. This approach dehumanizes people with disabilities, women included, as it further perpetuates the idea that they are helpless members of society who cannot contribute to its development, or one's own.

Roma

The latest official estimates put the number of Roma in BiH at 25,000-50,000.⁹¹ They are acknowledged to be BiH's **most numerous, most disadvantaged and most vulnerable minority** and the current situation of most Roma families in BiH is one of chronic multi-dimensional poverty and social exclusion.

The gap between Roma and the majority populations in terms of access to housing, employment, education and health care is significant and Roma children and women are particularly disadvantaged. Roma children are three times more likely to be living in poverty than their neighbors; they are five times more likely to be underweight and twice as prone to stunting; their primary school attendance rate is one third lower;⁹² and their immunization rate is almost non-existent since active immunization campaigns are not designed to address the specific needs of the Roma population. Roma girls are more at risk of early marriage than other children in BiH.⁹³

The education system in BiH is far from being inclusive. There is a significant gap in the quality of education provided in urban and rural areas. According to a recent report on primary education, although several policies for inclusion of disadvantaged children in primary education have been adopted by entity and cantonal Ministries of Education, implementation has been weak leading to the exclusion of children with disabilities and Roma children.⁹⁴ Economic difficulties, poverty, lack of access to schools and low awareness of the importance of education are the main reasons why young Roma drop out of school.⁹⁵

Previously, Roma were also at much higher risk of statelessness; the majority of people at risk of statelessness are Roma living below the poverty line, in informal settlements and in difficult conditions. In the past few years, BiH has deployed efforts to address statelessness. Between 2015 and 2018, over 379 individuals, mostly Roma, were assisted to complete birth and citizenship registration and the number of stateless is now below 100.

Roma women still have a lower level of education in relation to Roma men and women in general. The attendance rate for elementary school Roma is approximately equal (70.9% for boys and 67.8% for girls), and secondary education rate has risen to 18% for girls and 26.6% for boys.⁹⁶ Despite the rise of percentages, a significant gender gap remains among marginalized Roma: only 37% of young marginalized

⁹¹ Different sources: Institution of Human Rights Ombudsman of Bosnia and Herzegovina (2013), *Special Report on the Status of Roma in Bosnia and Herzegovina*; UNICEF (2013), *The Status of Roma Children and Families in Bosnia and Herzegovina*; World Bank (2018), *Bosnia and Herzegovina Roma Brief (English)*, Washington, D.C. World Bank Group; estimates of the [Council of Europe](#) (July 2012).

⁹² MICS 4, 2011.

⁹³ Twenty-seven percent of marginalized Roma women aged 20-49 reported to have been married before they were 18 years old, compared to 11% of neighboring non-Roma women. See UNDP, *Regional Roma Survey 2017: Country fact sheets*, p. 1.

⁹⁴ UNICEF (2013), *Gap analysis in the area of social protection and inclusion policies in BiH and roadmaps for progress*.

⁹⁵ Snazniji glas za djecu/Nasa Djeca (2016), *Report on the Situation of the Rights of Children in Bosnia and Herzegovina*.

⁹⁶ Sixth Bosnia and Herzegovina Periodic Report on Implementing the Convention on Elimination of all Forms of Discrimination Against Women 2013-2016 (2017), p.18.

Roma women aged 18-21 had completed compulsory education compared to 50% of young marginalized Roma men.⁹⁷ This contrasts with their non-Roma neighbors, among which the gender gap is neither statistically significant nor significant in magnitude.

The CEDAW Committee noted with concern long-lasting social exclusion of Roma women and girls and recommended to the BiH Authorities to conduct research on the situation of Roma women and girls in all aspects of life and adopt a plan of action targeting them in order to redress their situation⁹⁸.

LGBTQI persons

In BiH the lesbian, gay, bisexual, transgender, queer and intersex (LGBTQI) community continues to be a marginalized and nearly invisible group. Prejudice exists in both the private and public spheres. Discrimination and violence in schools and universities, job loss, eviction, and social ostracism are just some of the risks that LGBTQI persons encounter when their sexual orientation is revealed. Recent years have seen a number of homophobic incidents, including hostile remarks about LGBTQI people by public figures, and acts of violence as well. Fear prevents LGBTQI citizens from reporting discrimination and hate crimes to the police. Incidents of violence are rarely reported in the local media. Despite many reports of hate crimes against the LGBTQI population, there is a small number of effective investigations and prosecutions. LGBTQI activists are especially vulnerable and exposed to threats and violence, and at least eight cases of violence against activists were recorded in 2017 by the leading LGBTQI organization in BiH.⁹⁹ The same organization documented 83 cases of hate speech and incitement to hatred and violence in 2017, as well as 31 cases of criminal offences and incidents motivated by prejudice on the ground of sexual orientation and/or gender identity. The CEDAW Committee noted with concern stigmatization and discrimination faced by lesbian, bisexual and transgender women and recommended to the BiH Authorities ensure respect for the human rights of lesbian, bisexual and transgender women; national action plans on gender equality should address stigma and discrimination against them in all spheres of life¹⁰⁰.

The first-ever LGBTQI Pride March took place in September 2019 in peaceful conditions, promoting rights of the LGBTQI community in BiH for the first time in such a public way – a small but significant step towards putting LGBTQI rights on the public agenda.

Internally displaced persons and returnees

BiH has achieved significant progress towards the implementation of the Revised Strategy for the Implementation of Annex VII of the DPA, but obstacles continue to prevent displaced persons from exercising their basic rights to adequate housing, employment, health care, education and social protection.

Of the 96,421 officially registered IDPs, it is estimated that one third is vulnerable and in need of assistance to achieve a durable solution, especially those residing in collective centers or alternative accommodation.

⁹⁷ UNDP, *Regional Roma Survey 2017: Country fact sheets*, p. 2.

⁹⁸ CEDAW Committee (2019) Concluding observations on the sixth periodic report of Bosnia and Herzegovina, para. 43(a) and 44(a)

⁹⁹ See Sarajevo Open Center (2018), *Pink Report 2018*, p.24.

¹⁰⁰ CEDAW Committee (2019) Concluding observations on the sixth periodic report of Bosnia and Herzegovina, para. 43 (e) and 44 (e)

In addition, some 47,000 vulnerable returnees in BiH still require assistance and support. National and international actors have started contemplating the formal closure of Annex VII, considering it largely implemented. However, there is a risk that these most vulnerable displaced categories will be left behind unless they are enabled to access rights and integrate into functioning social protection networks.

Bosnia and Herzegovina has achieved significant progress in the implementation of the Revised Strategy for the Implementation of Annex VII of the DPA. The authorities, led by the MHRR, continued strengthening coordination mechanisms grounded on a systemic / needs-based prioritization approach to Annex VII issues, followed by recommendations of concrete solutions to a range of decision makers at different levels. While there has been some measurable progress in some key areas, (housing reconstruction, electrification, infrastructure), key obstacles to local integration and sustainable return remain in the area of access to rights, including housing, health care, social protection, education and employment and limited access to legal aid needed to access any right.

In general one of the key medium-term challenges for the country and the prerequisite for further accession process would be the adoption and implementation of a comprehensive social security legislation, which will provide adequate support to the most vulnerable categories of IDPs and returnees, as well as other vulnerable population categories. The system should develop a database of individual profiles and needs of the social security beneficiaries. Furthermore, the system should define a social security minimum, which should be the basis for the social assistance.

Refugees, asylum-seekers and migrants

BiH reception capacities have been shown to be insufficient to respond even to the basic needs of refugees, asylum-seekers and migrants, and especially the most vulnerable among them. While many intend to continue their onward movements, to ensure no one is left behind, the country needs to strengthen both asylum and migration systems¹⁰¹ and improve reception conditions. Fragmentation and deficiencies of the BiH social and international protection systems create risks to health and safety for specific categories, such as LGBTQI refugees, asylum-seekers and migrants, those with serious health and mental health conditions and those with substance abuse issues. Newborn children of undocumented migrants as well as the newborn children of persons seeking asylum who have not been formally registered are at risk of statelessness if they are unable to prove their entitlements to a nationality. This is in particular due to incomplete birth registration in civil records when data on both parents are not included. In some cases, such children can remain stateless if they cannot obtain citizenship due to discriminatory legislation in their parents' countries of origin.

The lack of sustainable health care for refugees, asylum-seekers and migrants represents a serious gap and a risk. Recognized refugees are entitled to health care under the same conditions as BiH citizens while asylum-seekers are entitled to primary health care. There is no formal provision of health care to migrants at any level, although some is being provided on an ad hoc basis in selected locations, with EU funding. The UN CEDAW Committee noted with concern a lack of information on the coverage of social protection schemes for migrant women and girls as well as limited access to health-care services, including maternal care services, and high levels of sexual violence against refugee and asylum-seeking women and girls in

¹⁰¹ The necessary actions were recommended to BiH at the 96th session of the Committee on the Elimination of Racial Discrimination. See: Concluding observations on the combined twelfth and thirteenth periodic reports of Bosnia and Herzegovina, adopted by the Committee at its ninety-sixth session (6-30 August 2018), CERD/C/BIH/CO/12-13, available at: https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CERD%2fC%2fBIH%2fCO%2f12-13&Lang=en

reception centres, as well as the lack of gender-sensitive asylum-seeking procedures. Committee recommended to the BiH Authorities to expand social security coverage for migrant women and girls as well as to address the special needs of refugee and asylum-seeking women and girls, including through the provision of delivery and postnatal care in reception centres, the early identification and prevention of gender-based violence in the centres and the introduction of gender-sensitive asylum procedures¹⁰².

Asylum-seeking children are not included in primary education in most locations.

Many refugee, asylum-seeking and migrant women, girls, young men and boys have been exposed to various forms of gender-based violence, either in their country of origin, during the journey to Europe, or upon arrival. With assistance from UNCT, Women and Girls Centers have been established in Una Sana Canton in three temporary reception to provide individual and group psycho-social support, particularly as it relates to gender-based violence, empowerment programmes as well as sexual and reproductive health consultations and services. Standard Operating Procedures for GBV cases in emergencies were developed with UN's technical assistance and endorsed by Una Sana Canton Government in May 2019. There is a danger, however, that due to a lack of financing, these services may be discontinued as of January 2020.

Similar services have been provided since their opening in the two State-run receptions centers (Delijas and Salakovac), with the UN and NGO support.

Furthermore, protection-sensitive accommodation for foreign victims of SGBV is available only on ad hoc, project basis and the needs surpass available capacities.

Irregular migration and the more and more frequent use of smugglers enhances refugees and migrants' risk of experiencing some form of violence, abuse and exploitation along the route, including human trafficking and human rights violations. This is particularly the case among unaccompanied and separated children, who are mostly boys aged 15-17. Although there is very little evidence on the subject, field observations suggest that along the Western Balkan route men tend to be more at risk of labour exploitation, while women are more exposed to sexual exploitation and forced marriages.¹⁰³ Natural and human-made hazards, such as extreme weather conditions, floods, wildfires, mine fields, road accidents, etc. are additional risk factors contributing to enhance refugees and migrants' vulnerabilities (Source: Rapid Assessment of Migrant Temporary Reception Centres' Vulnerability to Natural Hazards, IOM internal document). Last, although the majority of BiH population has demonstrated solidarity with refugees and migrants, isolated xenophobic and violent behaviours can be further factors of risk.

Other factors of vulnerability

Injecting drug user population: Bosnia and Herzegovina is mainly a transit country for drugs traveling from Afghanistan to markets in Western Europe via the so-called 'Balkan route'. The type and availability of drugs used and transiting through the country include heroin, cocaine, cannabis and amphetamine type stimulants. This creates a high level of availability of illicit drugs in the region and consequently - in Bosnia and Herzegovina. The availability of reliable and consistent data on this issue is limited. A sero-behavioural survey conducted by the two entity public health institutes in 2012 estimated the size of the injecting drug user population (PWID) and the prevalence of drug related infectious diseases in several of the larger cities in Bosnia and Herzegovina. There are an estimated 12,500 PWID and around 1,500 persons currently

¹⁰² CEDAW Committee (2019) Concluding observations on the sixth periodic report of Bosnia and Herzegovina, para. 43 (c), (d) and 44 (d).

¹⁰³ IOM (2018), *Enhancing Counter Trafficking in Crisis in the Western Balkans*, Analytical Report, available at: <https://bih.iom.int/sites/default/files/TRAFFIC/Analytical%20Report%20.pdf>

engaged in treatment out of whom 70 are prison inmates. The main challenges in this domain include: insufficient institutional capacities and resources to systemically address the matter; inadequate legal framework; weak trust among civil society organisations and government, as well as insufficient engagement of civil society organisations as health mediators.

Rights' violations are more frequent among those groups which face **multiple and reinforced layers of deprivation, disadvantage and discrimination**. In all societies, those experiencing deprivations and disadvantages related to the following five factors, Discrimination, Geography, Socio-Economic Status, Governance and Vulnerability to shocks,¹⁰⁴ are the most likely to be among the furthest behind:

Rurality and remoteness can raise the risk of exclusion in many ways, from the challenge of finding a decent job to the difficulties of access to markets, land or financial assets to the challenge of travelling for education, health care or administrative procedures. According to the 2013 NHDR on rural development, the 71% of BiH's population who lived outside of the six main cities experienced 60% higher unemployment and had a 20% lower average wage.

Exclusion by poverty and labor status: There is a strong interaction between poverty and most of the other potential causes of exclusion listed above. For example, most elderly people can no longer earn an income, while someone who is excluded from employment because of their gender, ethnicity or disability is at higher risk of poverty. In BiH there is a large category of vulnerable workers, namely those involved or at risk of being involved in precarious or informal employment relationships. The vast majority are temporary, low-skilled young, old, women or migrant workers, working for micro and small enterprises in the private sector. They usually have lower job security, lower wages, and lower income and non-wage welfare benefits; lower or no social security protection; and low or no labor law protection.

Discrimination: While recent data on social inclusion in BiH is scarce, the situation of social exclusion of vulnerable groups, has not markedly improved. BiH data from UNDP human development reports¹⁰⁵ suggest that vulnerable groups were not only at the highest risk of income poverty and unemployment, but also had far more difficulty gaining access to public services and participating in political life. Despite the existence of Laws on gender equality and prohibition of discrimination, structural and institutional discrimination remains widespread and is particularly acute among vulnerable groups.

Governance: Participation of vulnerable groups in the political/ civil and legal system is instrumental as it produces acceptable distributions of benefits creating economic and social inclusion. Participation can be defined as meaningful when participants manage to influence decisions on issues that affect their lives. An important outcome of meaningful participation is participants' strengthened empowerment, which can be defined as their capacity to exert control over their lives and to claim their rights.

In BiH the failure to implement binding decisions issued by BiH's Constitutional Court and the ECtHR (targeting the manifold discriminatory provisions in BiH's legislation) has led to significant political, economic and social exclusion of vulnerable groups and has undermined their confidence in the system of the state.

Through recommendations from the UPR, treaty bodies and special procedures, the UN has drawn special attention to the prevalence of systematic discrimination (institutional and structural) of vulnerable groups in the governance of the state. However, the failure to provide viable and effective solutions to end systematic discrimination in BiH has revealed the incapacity for structural change beyond the DPA.

¹⁰⁴ UNSDG (2019), *Leaving No One Behind: A UNSDG Operational Guide for UN Country Teams*, Page 13.

¹⁰⁵ E.g.: A United Nations Development Programme (UNDP) report in 2007

Vulnerability to shocks: Socioeconomic well-being plays an immensely important part in the overall capacity of individuals, communities and authorities to deal with the onset of disasters when they happen. The major determinants of disaster vulnerability relate to the inherent characteristics of people, such as gender, life cycles or age and health status which are further exacerbated through poor governance, policies and practices. The 2019 INFORM Global Risk Index indicates that Bosnia and Herzegovina is a country of medium-high socio-economic vulnerability to potential hazards (vulnerability index 3.7), with a high proportion of vulnerable groups susceptible to disaster risks (4.6). Despite high values, the current country's DRR approaches often overlook the needs of vulnerable population groups, which became visible during and after the 2014 floods. Most affected in May 2014 floods were rural households, small and medium businesses, and agricultural producers, as well as vulnerable population groups (flood affected negatively 78,564 unemployed, 60,000 children and 10% of persons with disabilities). The alarming experience of the flood disaster brought much deeper, long-term development consequences for Bosnia and Herzegovina, which equal five-year set back on achieving targets of greater gender equality, lower poverty rates, reduced marginalisation and greater equality for minority groups and persons with disabilities.

LNOB assessment, national accountability and reducing inequality via SDGs:

Given the prevalence of discrimination as a root cause of vulnerability and groups being left behind, addressing discriminatory laws, policies and practices is considered a top UN priority. Using the Concluding Observations of the CEDAW, CERD, CCPR, CESC and the UPR recommendations, the UN human rights mechanisms have helped decision-makers to identify concrete policy and legislative solutions, e.g. through a wide range of recommendations, UN member states have called upon BiH to eliminate social exclusion and all forms of discrimination during the 34th UPR Geneva working group session in November 2019.¹⁰⁶

Relevant UN decisions, recommendations and review processes and mechanisms related to the country's commitments under international and regional conventions are an important pillar to a more detailed analyses and must serve as a basis by BiH's authorities in integrating an assessment of "leaving no one behind" into all SDG follow-up and review mechanisms at the national, regional and global level.

The overall approach to inequality in the SDGs combines a concern with vertical (individual/household) and horizontal (group-based) inequality. Key ingredients for addressing intersecting inequalities are: 1. social movements/mobilization demanding constitutional reforms and changes in the 'rules of the game' and 2. increased political participation, 3. further mobilization around the implementation of rights, guarantees and opportunity enhancements as well as 4. specific policies and programmes which show commitment to reduce intersecting inequalities over time.

Addressing some intersecting inequalities can be achieved when **governments create and maintain links with civil society, including with marginalized groups**, and open spaces for consultation and collaboration around policy making based on reasonably open information flows.

In BiH, neither state nor entity level institutions have created permanent offices nor coordination and cooperation mechanisms for institutional and organizational linkages as part of shaping their dialogue efforts with the CSOs. The civil society sector representing the most vulnerable groups is unable to influence policy processes nor is it sufficiently involved in the drafting and implementation of commitments from strategic documents. E.g., while, on paper, Roma action plans in education,

¹⁰⁶ http://www.mhrr.gov.ba/ljudska_prava/UPR/Concluding%20Observations%20on%20the%20Third%20Cycle%20of%20UPR%20Recommendations.pdf

employment, health and housing, provide excellent aims and expected measures, the implementation of projects has been insufficient to date, resulting in a lack of significant impact on the ground.

Commitments from treaty obligations must be matched by national and sub-national level will, resources and concrete activities to implement measures effectively with support of the CSOs. In BiH, the MHRR is the government ministry responsible in carrying out reporting and follow up on the implementation of all obligations stemming from the international treaty bodies' commitments.

The current state reporting mechanism is an ad-hoc body established by the MHRR created purely for the purpose of completing a specific report and is disbanded when it delivers that report. That body appears to have no mandate for the follow-up to recommendations from international and regional human rights mechanisms nor does it retain any institutional capacity, practices, network or knowledge, as it is disbanded after completing the task.

Despite overall economic growth, there is further evidence that inequality in BiH is still rising, with the poorest and most marginalized segments of the population being further sidelined. This only further emphasizes the need to focus on poverty reduction and vulnerability analysis.¹⁰⁷

1.5. Commitments under international norms and standards

BiH is party to all nine core international human rights treaties and their additional protocols,¹⁰⁸ and ratified international human rights instruments can be directly applied in the courts of BiH. However, the level of implementation and enforcement of these provisions stands in stark contrast to the rather comprehensive *de iure* human rights situation. Critical human rights concerns have been well documented by the UN and regional human rights mechanisms.¹⁰⁹ Figure 5 shows all UN human rights recommendations linked to the Goals and targets of the 2030 Agenda in BiH.¹¹⁰

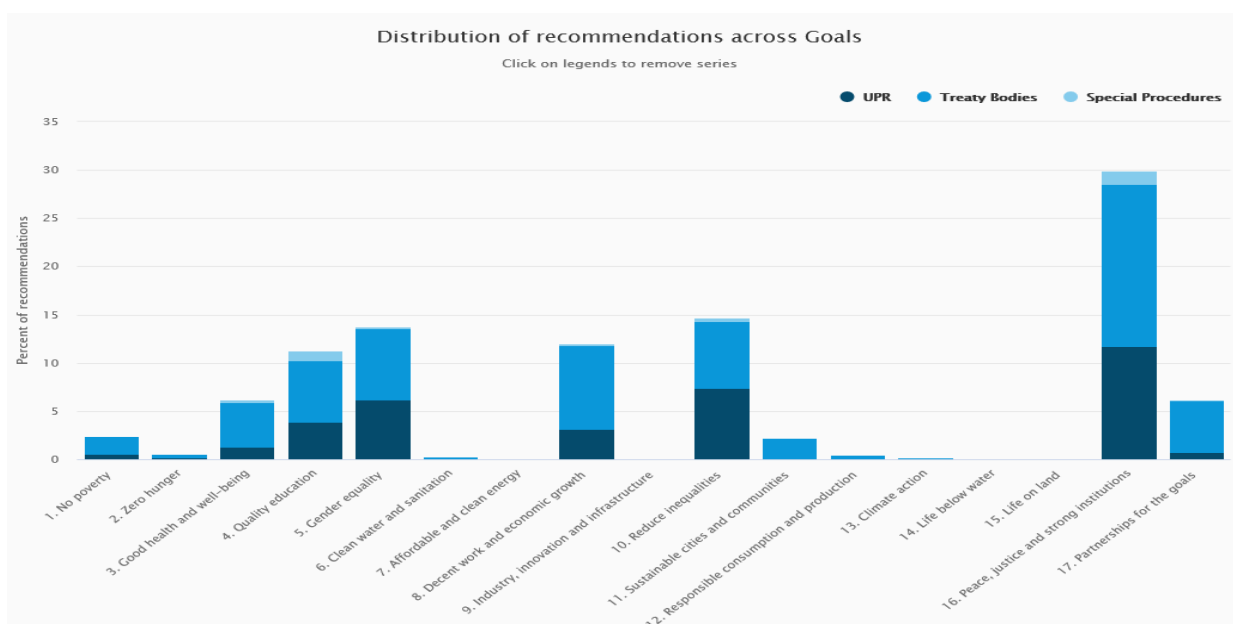
¹⁰⁷ http://hrbportal.org/wp-content/files/Primer_RMAP_FINAL-2.pdf (page 26)

¹⁰⁸ Status of Ratifications Interactive Dashboard, available at: <https://indicators.ohchr.org/>

¹⁰⁹ Universal Human Rights Index (UHRI) at: <https://uhri.ohchr.org/en/Summary/Country>

¹¹⁰ Interactive tool at: <https://sdgdata.humanrights.dk/en/country/bosnia-and-herzegovina>

Figure 5—UN human rights recommendations



Implementation of human rights and gender equality commitments

Discrimination goes to the heart of social exclusion and ultimately leads to instability and conflict. Therefore, dismantling the many forms of discrimination in law or practice that contribute to the persistent marginalization of particular groups remains a priority in BiH. This is also reflected in the targets in SDGs 5, 10 and 16 to eliminate discrimination in laws, policies and social practices

Of special concern are the **discriminatory provisions** enshrined in the BiH Constitution and Election Law which divide BiH on ethnic lines and exclude citizens who do not belong to one of the “constituent peoples” (Bosniaks, Croats and Serbs) from being elected to the House of Peoples of the Parliamentary Assembly and to the tripartite Presidency of BiH. This focus on ethnic group rights remains at the core of BiH’s post-war political and governing structures, undermining respect for and protection of individual rights; it excludes entire groups of the population from enjoying their political rights on the basis of their ethnic or territorial belonging. The constitutional category of “others” who are excluded from participation in certain elections and political representation consists of 17 national minorities,¹¹¹ with Roma being the largest.¹¹² Of particular concern for the judiciary and other public institutions at all levels is the underrepresentation of ethnic minorities in their ranks, which substantially limits the confidence of minority groups in the legal and political system.

Notwithstanding repeated recommendations by UN human rights mechanisms on legal reform with a view to adopting an electoral system that guarantees equal enjoyment of the rights under article 25 of the International Covenant on Civil and Political Rights to all citizens, irrespective of ethnicity (arts. 2, 25

¹¹¹ Further information from BiH on the implementation of the concluding observations of the Human Rights Committee (CCPR/C/BiH/CO/1)

¹¹² The size of the Roma minority is unclear, as numbers are often not reflected in statistics and censuses. The latest official estimates put the number of Roma in BiH at 25,000-50,000.

and 26),¹¹³ and judgments of the European Court of Human Rights,¹¹⁴ efforts to amend BiH's electoral framework continue to stall. Lack of progress on providing legal guarantees for equal political rights to all citizens is **one of the main obstacles in BiH to achieving the 2030 Agenda**. The principle of participation in economic, social and political decision-making is reflected across all the SDGs. This is why inclusive development requires securing civil and political rights as well as economic, social and cultural rights.

Inclusion is also bound up with non-discrimination. The BiH Constitution provides broad guarantees for non-discrimination on any ground such as sex, race, color, language, religion, political or other opinion, national or social origin, association with a national minority, property, birth or other status. In addition, BiH has a dedicated Law on the Prohibition of Discrimination and a Law on Gender Equality, which provides protection against **gender-based discrimination**. The legal provisions for women's rights and gender equality and the institutional framework are largely in place,¹¹⁵ and BiH has made significant efforts to harmonize its legislative framework with international standards and commitments.¹¹⁶

Gender Inequality Index (2019) for BiH has value of 0.162, ranking it 38 out of 162 countries. However, deeper analysis of GII show more serious inequality in political and labor market participation of women (19.3 % of parliamentary seats are held by women; and 35.6% of **women's participation at labor market** compared to 58.6 for men)¹¹⁷. Educational and occupational segregation influence position of women at labor market. There is persistent gender pay gap, low participation of women at managerial position, in particular in growing industries such as tourism, food and renewable energy¹¹⁸, and high participation of women in informal economy¹¹⁹. There are lack of specific employment strategies directly targeting women including those belonging to marginalized groups¹²⁰. BiH is still missing supportive financial and regulatory environment, and inclusive reforms. UN CEDAW Committee raised several issues of concerns including persistent barriers to access to financial credit and loans by women owing to a lack of collateral, such as land and housing property; and emigration of women and girls for economic reasons¹²¹.

Despite significant efforts to tackle violence against women, in particularly by localizing the Istanbul Convention in BiH, almost one in two women (48%) has experienced some form of abuse from age of

¹¹³ Most recent Concluding observations by the Human Rights Committee (2017) CCPR/C/Bih/CO/3

¹¹⁴ Sejdić and Finci v. Bosnia and Herzegovina (27996/06 and 34836/06)

¹¹⁵ The Constitution of BiH includes the Convention on the elimination of all forms of discrimination against women (CEDAW), and the country has ratified the Council of Europe Convention on preventing and combating violence against women and domestic violence (the Istanbul Convention).

¹¹⁶ The CEDAW commitments and recommendations of the Committee for the Elimination of Discrimination Against Women, as well as other UN recommendations on women's human rights and gender equality, are included in the priorities of the third Gender Action Plan 2018-2022. In 2015, BiH adopted a Framework Strategy for the implementation of Istanbul Convention for the period 2015-2018. BiH is regularly reporting on its progress towards international bodies for gender equality and advancement of women's human rights; civil society is closely following all reporting and is submitting alternative reports accordingly.

¹¹⁷ Human Development Report (2019) Inequalities in Human Development in the 21st Century: Briefing note for countries on the 2019 Human Development Report, available at http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/BIH.pdf

¹¹⁸ CEDAW Committee (2019) Concluding observations on the sixth periodic report of Bosnia and Herzegovina, para. 39 (b).

¹¹⁹ For more: World Bank (2017) Promoting women's access to economic opportunities, available at <http://documents.worldbank.org/curated/en/899661521447164653/pdf/124360-PN-P144969-PUBLIC-BiHGenderPolicyNote.pdf>

¹²⁰ CEDAW Committee (2019) Concluding observations on the sixth periodic report of Bosnia and Herzegovina, para. 35 (c).

¹²¹ Ibid., para. 39 (a) and (c).

15¹²². Issue of concern is underreporting of **cases of gender-based violence**, including domestic violence, by women and girls owing to social stigma and their lack of trust in the law enforcement authorities. This relates to the lack specialized knowledge on gender issues of service providers that work with victims of gender-based violence. The low prosecution and conviction rates in cases of non-physical violence against women, such as psychological violence, and the lack of disaggregated data on all forms of gender-based violence are additional matter to be considered¹²³.

Other groups, especially persons with disabilities, returnees, refugees, migrants and those belonging to LGBTQI or ethnic minorities, are facing **discrimination** preventing them from obtaining legal protection and access to services for the enjoyment of economic, social and cultural rights. Criminal codes include hate crimes on grounds of sexual orientation and gender identity, and by adopting amendments to its Anti-Discrimination Law in 2016, BiH improved its legal framework, with sexual orientation and gender identity becoming prohibited grounds for discrimination. However, violent attacks on LGBTQI persons have not led to indictments. In many areas related to the rights of persons with disabilities, human rights-based reforms have not yet begun in earnest. A matter of ongoing concern are the numerous disparities that exist in terms of benefits and the enjoyment of rights related to the place of residence and socioeconomic status of individual members of groups at high risk of discriminatory practices; a reiterated recommendation calls for the harmonization of legislation related to the regulation of social and health protection and assistance. The unresolved issue of segregation in education is a constant focus of international recommendations as it perpetuates discrimination. (For specifics on groups at risk to be left behind, please see Section 1.4.) Considerable attention, through recommendations, is given to the issue of training: All professionals working with vulnerable and marginalized groups exposed to a high risk of human rights violations require adequate and systematic training.

At the same time, addressing the country's reconciliation deficit remains a major strategic priority. Tackling hate speech and ensuring freedom of expression is crucial in order to prevent conflict and **promote peaceful, inclusive and just societies** as envisaged by the 2030 Agenda. It is urgent to address incitement to hatred commonly used by BiH leaders and to eliminate political pressure on journalists and the media. The public broadcasters and other media in BiH are divided on ethno-territorial lines, reflecting divisions in the body politic; attempts to operate a multi-ethnic, state-wide public broadcaster have been undermined by political obstruction. Politics in BiH today exploit the public media in order to shape nationalist public opinion and create fear against other ethnic groups. Over the past few years **freedom of expression** has been seriously jeopardized in BiH, including through new legal restrictions.

The nationalist political culture and compromised freedom of expression in BiH continue to nurture instability and leave little or no room for public debate of much needed social or economic reforms. The lack of substantive public debate on development is also linked to weak **civic participation in decision-making and monitoring processes to allow for checks on power**. Weaknesses in civil society in BiH are usually attributed to low capacity and weak coordination inside civil society. However, most importantly, BiH lacks institutionalized participatory mechanisms, particularly by women and members of groups facing discrimination. An approach to development that is grounded in human rights treats everyone as agents of their own development. This principle of working with and not just for the people is reflected across all the SDGs and provides an entry point for expanding civil society participation in decision-making and monitoring processes in BiH.

¹²² OSCE (2019) Survey on Violence Against Women: Bosnia and Herzegovina, available at <https://www.osce.org/secretariat/423470>

¹²³ CEDAW Committee (2019) Concluding observations on the sixth periodic report of Bosnia and Herzegovina, para. 25 (a), (b) and (c)

Since 2005-06, the UN treaty bodies have called for the resolution of certain issues relevant to **transitional justice** in BiH. The first issue relates to the need to ensure all necessary preconditions for domestic trials of war crimes, including a fully functional witness protection system. Treaty bodies have also for many years pointed to the unregulated and disadvantaged position of civilian victims compared to war veterans. Of special concern are their right to compensation and rehabilitation, the recognition of sexual violence as a war crime, and issues related to missing persons and forced migration: there are persistent challenges in BiH's efforts to provide full reparation (including compensation), care, support, and justice to **survivors of wartime rape and sexual violence**.¹²⁴ The competent authorities have yet to adopt the draft Transitional Justice Strategy for BiH; in its absence, reconciliation processes have heavily relied on criminal justice, in the expectation that eventual war crimes court rulings would have a transformational effect that would sustain and strengthen peace. Unfortunately, this overreliance resulted in less attention being paid to dealing with the collective legacy of accumulated pain and trauma. It should be noted that the accumulated pain and trauma borne by survivors of conflict-related sexual violence is being transferred across generations, serving as a new focal point for narratives of victimhood and collective grievances in the future. As such, they represent a systemic threat to social cohesion and sustainable peace.

Concerns over the **inconsistent application of laws** and the unequal availability of free legal aid throughout BiH have been expressed repeatedly, as have concerns about conditions in the **state prison system** and **mental health institutions**, including the rights of prisoners. The situation regarding this specific dimension of the rule of law remains highly problematic.

UN human rights mechanisms are concerned with **human trafficking, violence against women and children, and protection against landmines**. The major concerns in relation to trafficking in human beings have since 2006 been implementation of the existing law, fair and adequate provision of compensation for victims, victim assistance, witness protection and combating the exploitation of children as well as the provision of training for officials that deal with these issues. The problem of the low number of prosecutions related to different forms of trafficking persists, as do concerns about the lack of effective victim identification procedures and the reliance of most shelters providing services for victims of trafficking on external funding. In relation to violence against women and children, UN bodies have called for effective implementation of legislation to combat domestic violence and the provision of support for intensive education and training for judges, prosecutors and law enforcement officers.

Implementation challenges with other commitments

A number of other international commitments have also experienced implementation challenges. This section provides an overview of select cases.¹²⁵

¹²⁴ Amnesty International (November 2018), *Bosnia and Herzegovina: Impunity for War Crimes and Rights of Refugees and Migrants*. Submission for the Universal Periodic Review, 34th Session of the UPR Working Group. In a recent development, the UN Committee Against Torture has ruled that Bosnia and Herzegovina must pay compensation to a victim of conflict related sexual violence and provide her with appropriate and free medical and psychological help as soon as possible. See TRIAL International (29 August 2019), *Press release: BiH fails to implement obligations from the UN Convention against Torture*, available at: <https://trial.ba/wp-content/uploads/2019/08/TRIAL-International-Prva-odluka-protiv-BiH-pred-UN-komitetom-OBJAVA-290819-1.pdf>

¹²⁵ For a compilation of the Recommendations of the UN Human Rights Mechanisms and their implementation in BiH, see: Miroslav Živanović, in cooperation with the UNCT (November 2016), *Compilation of the Recommendations of the UN Human Rights Mechanisms and their Implementation in Bosnia and Herzegovina*, available at https://bosniaherzegovina.un.org/sites/default/files/2019-11/UN_comp_EN_BiH.pdf

Labor rights have featured in UN recommendations since 2006 through issues such as workers on waiting lists, respect for contractual obligations, support for labor inspection units, gender equality, labor rights of minorities (in particular Roma), trade unions and unemployment. BiH has ratified 83 **ILO Conventions**, including all fundamental Conventions (8) and all ILO Governance Conventions (4), and provides regular reports on their application. Nevertheless, there are still significant challenges in application and compliance.

BiH is a party to the **1951 Convention relating to the Status of Refugees** and its **1967 Protocol**. The BiH Law on Asylum is generally in line with international and EU standards, although there are certain shortcomings, including the definition of an asylum-seeker and refugee, and in the exclusion and cessation clauses. Persons under subsidiary protection lack the right to family reunification and travel documents. The Law on Foreigners also does not allow for their stay in BiH to be counted for permanent residence. Therefore, people under subsidiary protection cannot acquire permanent residence nor naturalize regardless of the number of years they spend in BiH, which regrettably impedes their full integration.

BiH is signatory to the **1954 Convention relating to the Status of Stateless Persons** and **1961 Convention on the Reduction of Statelessness**, which are enshrined to an extent in the national legal framework. BiH authorities need to develop a sustainable system of identification and prevention of recurrence of cases through universal birth registration and access to documentation. Changes need to be introduced to include undocumented individuals as beneficiaries of free legal aid services. At the State and entity levels, regulations and practice on birth and citizenship registration with simplified procedures need to be harmonized to ensure all children are registered immediately at birth, in line with the adopted Action Plan¹²⁶ and commitments taken.¹²⁷ Furthermore, a dedicated statelessness determination procedure needs to be developed to ensure proper identification and protection of stateless persons.

There is a general absence of information provided by the **environmental** authorities to the public on the status of BiH's participation in multilateral environmental agreements (MEAs) and on their implementation, including the UN Framework Convention on Climate Change (UNFCCC), to which BiH submitted the Initial, Second and Third National Communication (INC). BiH has also submitted reports under the UN Convention on Biological Diversity (UNCBD) and the UN Convention to Combat Desertification (UNCCD). Generally, there is a strong need for ensuring coordination among all administration levels regarding implementation and enforcement of MEAs,¹²⁸ sharing knowledge and information on the integration of environmental requirements into sectoral policies and legislation and its further enforcement.

BiH is a signatory to the **Sendai Framework for Disaster Risk Reduction 2015-2030**. However, in-country monitoring and reporting mechanisms that will inform DRR strategic planning and better targeting of DRR investments need to be established. Numerous DRR interventions undertaken by government and international actors lack country-wide coordination and coherence, in the absence of any strategic document and coordination mechanism.

¹²⁶ See:

http://www.mhrr.gov.ba/PDF/LjudskaPrava/4%20%20Akcioni%20plan%20BiH%20za%20rjesavanje%20problema%20Roma%202017-2020_ENG.pdf

¹²⁷ See: <https://www.statelessness.eu/blog/commitments-achievements-zagreb-declaration-access-civil-documentation-and-registration-south>; see also: <https://www.unhcr.org/ibelong/high-level-segment-statelessness/>

¹²⁸ UNECE (November 2018), *3rd Environmental Performance Review of Bosnia and Herzegovina*, available at: <https://www.unece.org/index.php?id=49746>

BiH, a signatory to the **UN Convention against Corruption**, is experiencing pervasive corruption. In accordance with EU policies, it will be necessary to improve coordination among various anti-corruption bodies and communication with civil society. The Agency for Prevention of Corruption (APIK) is the primary anti-corruption body and the main authority responsible for the coordination and monitoring of the implementation of the Anti-Corruption Strategy, but it has no investigation and prosecution mandate. Several measures from the anti-corruption Action Plan have remained unimplemented. The fight against **corruption in the judiciary** is critical since it is a threat to citizens' right to equal treatment before the law. It is equally important to ensure that the judiciary is protected from interference, and that judges and prosecutors bear the responsibility in the cases of corruption. The HJPC plays an essential part in fighting corruption in the judiciary but has been plagued with corruption allegations. No significant corruption cases have been processed by the BiH judiciary. Prosecutor's offices have displayed inadequate capacities in terms of opening new investigations and issuing indictments against current or former senior political figures or officials. Of concern is also the low number of verdicts involving the seizure of criminal assets.¹²⁹ The implementation of various pieces of anti-corruption legislation also presents a mixed picture.

BiH and its lower-level administrative units will have to observe the rules and obligations BiH negotiates with the WTO and respect the provisions of special **WTO agreements** including Agriculture Agreement, Agreement on Sanitary and Phytosanitary Measures (SPS agreement) and Agreement on Trade-related Aspects of Intellectual Property Rights which is important for the protection of geographic origin of agricultural products.¹³⁰ Codex Alimentarius and the International Plant Protection Convention (IPPC) are the official standard-setting bodies on food safety and plant health recognized by the WTO's SPS agreement. BiH is member of both organizations and has also strategic measures within its Strategic Plan for Rural Development on **food safety, plant health as well as veterinary fields** – identified by the May 2019 EC Opinion as areas where significant efforts are needed by the BiH authorities¹³¹ and related Action Plan for the Implementation of Priorities from the EC Analytical Report.

1.6. Cross-boundary, regional and sub-regional perspectives

During his briefing to the General Assembly on 16 January 2018, SG Guterres laid out 12 key areas of concern for Member States; the Western Balkans are included in that list. The European Commission's May 2019 Opinion on BiH underscores that despite the investments made through one of the most expensive peacebuilding operation in history, the country has yet to overcome significant, even critical, structural challenges that are not allowing it to make a clean break from its conflict past. The Opinion states that BiH does not yet satisfy the economic and political conditions for assuming the obligations of EU membership. The country, therefore, remains a potential candidate, lagging behind all its neighbors. In spite of EU efforts to revitalize the accession process through the adoption of the 2018 Strategy for the Western Balkans, BiH still reflects a lack of common vision towards EU membership as well as a growing fatigue vis-à-vis the EU narrative. Widespread skepticism even among EU member states about core policies of the EU, including enlargement, is not helping the situation.

¹²⁹ Transparency International BiH (2017), *Monitoring Report on Confiscation of Unlawfully Acquired Property in Bosnia and Herzegovina*, available at: <https://ti-bih.org/wp-content/uploads/2017/03/Monitoring-Report-on-confiscation-of-Unlawfully-Acquired-Property-in-BiH.pdf>

¹³⁰ *Strategic Plan for Rural Development of Bosnia And Herzegovina (2018-2021)*, available at: http://www.mvteo.gov.ba/data/Home/Dokumenti/Poljoprivreda/Strategic_Plan_for_Rural_Development_of_BiH_Eng.pdf

¹³¹ Available at: <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-bosnia-and-herzegovina-opinion.pdf>

The UN itself is concerned that the lack of progress around confidence- and trust-building, constructive dialogue and reconciliation in BiH and the Western Balkans poses a key risk to stability in the region and beyond. The state of affairs between BiH and its neighbors is marked by a **reconciliation deficit** that perpetuates lack of trust among citizens, communities and leaders. Entrenched nationalist agendas and the resulting inter-communal tensions allow identity politics – one of the root causes of the conflicts in the Western Balkans – to continue dominating and shaping the discourse between the region’s leaders and communities and among media organizations. When there is little or no trust in the institutions and processes that should guarantee constructive leadership and policies, adherence to the rule of law, and sound strategic development, citizens have no recourse nor avenue for making their voices heard, including calls for positive change, methods of work and overall environment:

25 years after the signing of the DPA, rather than jointly working to heal the wounds of communities divided by the 1990s conflicts, many influential public figures and media in BiH and in neighboring countries continue to generate fear and tensions and peddle their own version of the past, present, and future. This continues to be superimposed onto communities that have not yet been given the space to come to terms with the events of a still recent past in a constructive manner. Meanwhile, the international community spent two decades largely emphasizing processes (i.e., elections, technical progress and reforms in the development and governance sectors), with insufficient attention given to the much more complex and long-term efforts needed to rebuild trust, confidence and constructive relations between communities and countries.

This equation continues to generate negative political, social and cultural dynamics across the region: When relations deteriorate between Croatia and Serbia, they negatively affect the respective communities in BiH. When relations between the latter deteriorate inside BiH, they place the neighboring countries in challenging diplomatic situations. A number of long-unaddressed issues compound this problem: A host of border and property disagreements between BiH and Croatia and Serbia are stuck with no formal process set up to resolve them.

Findings of the most relevant regional perception survey – the Regional Cooperation Council’s 2019 Balkan Barometer – show that:

- (i) Authorities continue to be graded poorly throughout the region with deep-seated feelings reflecting that laws are applied neither effectively nor equally and an overwhelming lack of confidence in the rule of law. Citizens’ relationships with public institutions continue to be characterized by a high degree of distrust that extends to all branches of government.¹³²
- (ii) Unemployment and the overall economic situation remain chief concerns in the region, with a lack of adequate work and nepotism consistently listed as the two main obstacles to employment;
- (iii) “Brain drain” is increasingly recognized as an existential problem across the region, along with the willingness of people to leave home and work abroad, markedly surging in the course of each passing year;

The scale and speed of demographic change in South-East Europe has been significant. Countries/territories in the region face what is often perceived as a population crisis. The fear is that ageing populations, outmigration and below-replacement fertility rates will lead to smaller, older and weaker nations. While it is true that demographic changes in the region will have significant implications for growth, living standards and fiscal sustainability, experience has shown that it is not population size that matters in contemporary societies but the human capital of a population – its education and health, productivity, and innovative potential. There are promising opportunities for the countries/territories of

¹³² RCC (2019), *Balkan Barometer*, available at:
https://www.rcc.int/seeds/files/RCC_BalkanBarometer_PublicOpinion_2019.pdf

South-East Europe to manage the implications of demographic change not as a liability, but as a potential for society. The UN will support all efforts in this regard.

The **Europe's refugee and migrant crisis** in 2015-16 showed the relevance of the cross-border dimension of migration movements and the importance of regional and international cooperation in managing it. BiH is part of a number of regional cooperation and partnership processes, the most important being the Prague and Budapest processes, aiming at developing comprehensive and sustainable systems for orderly migration. Additionally, through the Migration, Asylum, Refugees Regional Initiative (MARRI), BiH is cooperating with countries in the region to establish common migration governance tools. In spite of these efforts, there is still space for improvement of bilateral and regional cooperation on migration and border management.

Furthermore, migration flows are heavily affected by changes in the politics and policies of countries of origin, transit, and destination. Developments in EU and Turkey migration and asylum policies are particularly important when it comes to the potential impact on Western Balkan countries. The immigration policies of the EU and of EU member states can also significantly affect labor emigration trends in BiH, with a major impact on the country's demographics and social welfare.

In the context of the above, and with the UN's emphasis on conflict prevention and sustaining peace, the Secretary-General in June 2019 endorsed a system-wide action plan for the Western Balkans, including BiH, to enhance diplomatic and programmatic efforts in support of dialogue, trust-building and reconciliation. The Plan consists of a number of elements, including increased engagement, including by UN senior officials, of authorities at all levels of government to help support constructive dynamics between communities and between states. Under the Plan, the UN is also seeking to support positive agents of change that could help strengthen trust, positive dialogue and reconciliation between communities with a particular focus on women and youth. The UN is also engaging key international and national actors on these issues.

Within the scope of the Action Plan, the UN in BiH has been supporting dialogue between communities, as well as between communities and their national leaders through the SG's multi-year peacebuilding initiative "Dialogue for the Future". The dialogues are facilitating closer focus on addressing the priorities of all citizens of BiH, working across group lines in order to generate their shared priorities. In 2019, the DFF initiative was expanded to include Serbia and Montenegro.

Given that the leaders of BiH and its neighbors signed on to the 2030 Agenda for Sustainable Development, they are now accountable to their citizens for delivering these goals. The SDGs provide a strategic opportunity to help (i) change the public discourse in BiH – from a rhetoric of division toward dialogue around common needs and aspirations of all its citizens; and (ii) to help the latter play a more active part in determining what kind of future they want for their communities. The SDGs are the ultimate prevention agenda as they address the drivers and root causes of instability and conflict. In this regard, the UN will work tirelessly to help ensure their full implementation. As the SG himself noted the need for the Organization to return to its bridge-building role in an increasingly divided world, the UN will work to help strengthen the coherence and the strategic vision of key stakeholders – both internal and external – in BiH and the Western Balkans.

As a permanent member of the **Council of Ministers of Culture of South East Europe (CoMoCoSEE) – Enhancing culture for development**, a unique regional platform operating within the Regional Cooperation Strategy framework, BiH has reinforced its commitment and contribution to the sphere of culture through sharing knowledge and best practices as well as coordination at all levels between cultural and other sectoral policies, including tourism, in line with the 2030 Agenda. Since its establishment in 2004, CoMoCoSEE is the main cooperation platform for culture in South East Europe with the purpose of

strengthening regional and bilateral partnerships and cooperation in the field of culture and development, while at the same time promoting culture as a tool for strengthening reconciliation, peace and stability in the region.

BiH is a member of the Disaster Preparedness and Prevention Initiative for South Eastern Europe (DPPI-SEE) which aims to address disaster risk reduction and preparedness measures at a sub-regional scale and facilitating transboundary cooperation. While this regional initiative presents concrete potential for improving national capacities of BiH and risk understanding at a larger scale, the activities planned by the group need to be more results-oriented.

High impact animal diseases, such as lumpy skin disease (LSD) and African swine fever (ASF), represent a threat to food security, nutrition, livelihoods and internal or international trade of countries in the region: ASF has been reported in Bulgaria, Hungary, Romania and Serbia while LSD has seen outbreaks in the Balkans since 2014 for the first time in history. Not having been exposed to either disease implies that the level of awareness and the technical knowledge on the disease are low, and contingency or surveillance plans may not be in place.

1.7. Financing landscape and opportunities for sustainable development

Foreign finance

Estimated net FDI inflows for 2018 slightly increased in nominal terms but decreased in terms of GDP by 0.1 pp, financing 42% of the current account deficit (CAD).¹³³ The estimates are confirmed by FDI statistics for 2018 published by the Central Bank of BiH (CBBH), according to which FDI inflows in 2018 amounted to KM 783.4 million (approximately 443.23 million USD), or 2.3% of GDP, similar in nominal terms to that recorded in 2017. The highest inflows in 2018 were from Russia (KM 140.2 million), Croatia (KM 106.1 million), the Netherlands (94), Austria (87.1) and Germany (83.7). Most FDI was recorded in financial services (banking sector) in the amount of KM 145.6 million, production of coke and refined oil products (135.8m), retail trade (87.7m) and in production of base metals (52m).¹³⁴ BiH has the lowest FDI in the Western Balkans region, mainly because the political environment is difficult and the country's reforms have not progressed much,¹³⁵ various other factors also continue to discourage FDI.¹³⁶ Financial trends, apart from a peak of FDI in 2007, do not show significant change in this century (see Figure 6).

Figure 6—Flows trends (millions of US\$)

¹³³ World Bank (Spring 2019), *Reform Momentum Needed*, p. 67, available at:

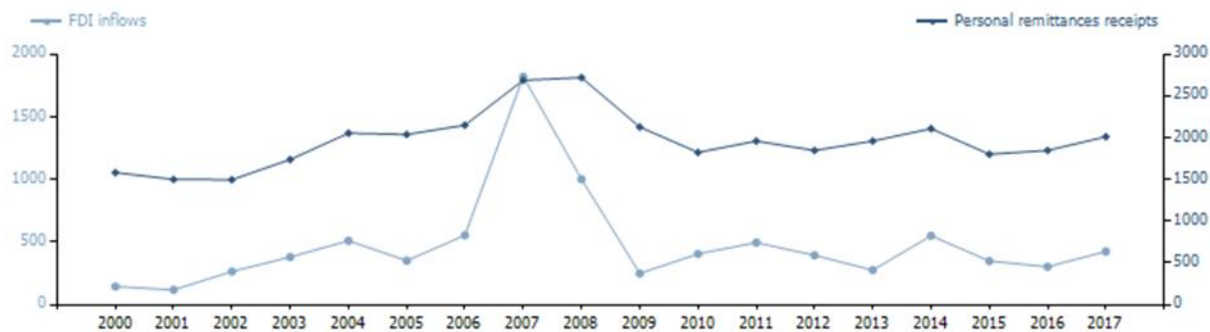
<http://documents.worldbank.org/curated/en/219231554130333324/pdf/Reform-Momentum-Needed.pdf>

¹³⁴ Central Bank of Bosnia and Herzegovina, available at: <https://www.cbbh.ba/press/ShowNews/1222>

¹³⁵ World Bank (Spring 2019), *Reform Momentum Needed*, available at:

<http://documents.worldbank.org/curated/en/219231554130333324/pdf/Reform-Momentum-Needed.pdf>

¹³⁶ World Bank (2018), *BiH Economic Journey 2018, Through Peace and Transition to Prosperity*, p. 86.



Source: UNCTAD¹³⁷

Migrants' remittances remain strong at 11% of GDP (April 2018).¹³⁸ Even though the linkages between remittances and development-related investments have been analyzed, there are no analyses of the use of remittances in BiH.¹³⁹ Revealing the impact of remittances and their potential leverage for sustainable development would be useful in terms of the financing landscape analysis for BiH.

With regards to Official Development Assistance (ODA), according to OECD data, in 2017 it was equivalent to 2.43% of GNI.¹⁴⁰ The annual Donor Mapping report is an annual BiH report. According to the report¹⁴¹, in 2018, total ODA allocations for BiH amounted to €726.57 million, out of which 28.4% were grants and 71.6% loans, an increase of 69.9% over 2017. ODA disbursements in 2018 amounted to €429.88 million (an 8.4% increase from 2017) – 43.5% of which in grants and 56.5% in loans. The increase of the disbursed loans was partly the result of procedural flexibility and improved realization of projects as well as the dynamics of loan disbursements signed in previous years. Out of total ODA allocations in 2018, bilateral development partners allocated 21%, while multilateral development partners allocated 79%. Leading development partners were the EU, US/USAID, Switzerland, Sweden/Sida, UK/DFID, and Germany. Creditors in 2018 were the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the World Bank (WB), and Germany. Out of the total allocated funds, 82% was allocated to 4 of the IPA II sectors: Transport 50%, Competitiveness and innovation 17%, Democracy and governance 8%, and Environment and climate action 7%, while 18% was allocated to all other sectors.

With regards to EU funds, more information is expected to be available by 2020 on the IPA III funding scheme, which may or may not, be aligned to the SDGs.

Financial inflows, particularly aid and remittances, have been fueling consumption-based economic growth. However, current investment levels are too low to sustain growth over the long term. These financial sources appear insufficient to fuel BiH's sustainable development, and even counterproductive if not channeled toward the achievement of the SDGs. Further progress in a number of key areas with implications for mobilizing external financing would be needed, such as securing financing for key

¹³⁷ UNCTAD, *World Investment Report 2019i* and UNCTAD FDI/MNE database, BiH Country fact sheet, available at: https://unctad.org/sections/dite_dir/docs/wir2019/wir19_fs_ba_en.pdf; BiH data available at:

<https://unctadstat.unctad.org/CountryProfile/GeneralProfile/en-GB/070/index.html>;

<https://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx>

¹³⁸ Source: World Bank staff calculation based on data from IMF Balance of Payments Statistics database and data releases from central banks, national statistical agencies, and World Bank country desks. For details, see *Migration and Development Brief 28*, Appendix A. WB data:

<https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT?locations=BA>;

¹³⁹ <http://www.mhrr.gov.ba/iseljenistvo/istrzivanje/default.aspx?id=1766&langTag=bs-BA>

¹⁴⁰ <https://stats.oecd.org/index.aspx?r=983471>

¹⁴¹ See the Donor Mapping report 2018, available at <http://www.donormapping.ba/>

infrastructure projects, modernizing banking sector legislation, and improving corporate governance of state-owned enterprises.¹⁴²

Domestic incentives and landscape: public and private finance

The private sector in BiH has a big unused potential in an economy dominated by the public sector. The private sector could play a significant role in the country's economic growth, as well as in channeling investments and funding towards sustainable development and the SDGs. In order for growth to be sustainable and equitable, and for the private sector to contribute to achieve the SDGs, BiH's economic model would need to be rebalanced. The country needs more, and larger, companies, vibrant SMEs and a business environment that allows them to grow and expand output, employment, and exports. Recent policy measures have not effectively addressed BiH's needs for supporting innovation and entrepreneurship, specifically in terms of access to skills, ease of business regulations, and predictability of business environment.¹⁴³ A wider range of financing instruments is needed to boost lending to businesses.¹⁴⁴ Greater diversification of financial systems can create opportunities for enhancing access to finance. Improvement in the operations of state development banks in BiH is required, with some deficiencies in the governance and business model still unresolved. Given the size of the BiH economy and financial sector, there is room for further consolidation, entrance of reputable players, and banking sector efficiency gains.¹⁴⁵

Having failed to replace foreign credit with an alternative growth model, public institutions continue to be addicted to foreign borrowing (including from the foreign-owned banking sector) to meet revenue shortfalls or finance capital investment, public sector debt and infrastructure projects. From the point of view of public finance sustainability, this structural dependence on more expensive commercial credit increases sovereign debt risks. The trade deficit, the regressive tax system and lack of public sector investment represent structural barriers to public finance sustainability.¹⁴⁶ Beyond sustainability, fiscal transparency¹⁴⁷ needs to be strengthened, and strong fiscal institutions still need to be built. Demographic changes in the country and across the region will have significant implications for growth and fiscal sustainability, and may require increased public expenditure and investments.

Furthermore, incentives are misaligned for embarking toward a sustainable development model. Most policies support those who already have a job and benefit from a consumption-based and state-dominated economy. Considering that human capital is essential for growth and development, it is crucial

¹⁴² Statement by the IMF Mission Chief for Bosnia and Herzegovina, April 6, 2017. See Press Release No. 16/396. <https://www.imf.org/en/News/Articles/2016/09/07/PR16396-Bosnia-and-Herzegovina-IMF-Executive-Board-Approves-Three-Year-Extended-Arrangement>

¹⁴³ Aridi, Anwar; Ong Lopez, Anne Beline Chua (2019), *Bosnia and Herzegovina - Innovation and Entrepreneurship Assessment: Towards a Private Sector led Growth Model*. Washington, D.C., World Bank Group, available at: <http://documents.worldbank.org/curated/en/796741560348129202/Towards-a-Private-Sector-led-Growth-Model>

¹⁴⁴ See World Bank (March 2018), *Access to Finance for Female-Led Micro, Small & Medium-Sized Enterprises in Bosnia and Herzegovina*, available at: <http://documents.worldbank.org/curated/en/890741521459734141/pdf/124394-WP-P144969-PUBLIC-BiHAccesstoFinanceKnowledgeBrief.pdf>

¹⁴⁵ World Bank (Spring 2019), *Reform Momentum Needed*, available at: <http://documents.worldbank.org/curated/en/219231554130333324/pdf/Reform-Momentum-Needed.pdf>

¹⁴⁶ <http://wings-of-hope.ba/wp-content/uploads/2016/12/D3.4.1.1.-Analysis-on-Public-Debt-Bosnia-and-Herzegovina.pdf>

¹⁴⁷ BiH seems to be depriving taxpayers of information about how their money is spent: the Open Budget Index (OBI) shows limited improvement in transparency since 2010.

to note that, even though BiH' social assistance expenditure exceeds the average social assistance spending of countries in Eastern Europe and Central Asia (the region that spends the most on social assistance), most of it is not designed to support the poor or the most vulnerable. Efficient investment in human capital is key for the country's sustainable development.⁸⁷ To eliminate poverty, create shared prosperity and eventually become a high-income country, BiH will need to invest in a new and more effective development path that ensures the sustainability and inclusiveness of future growth.⁸⁸ Public financing needs to be more efficient, and budgeting for the vulnerable population groups needs to be strengthened.

National budget allocations

Since no national SDG priorities have been set, an analysis of national budget allocations is premature. However, some preliminary assessments of sectoral financing needs have been undertaken, allowing the identification of structural challenges that would need to be addressed: a complex administrative structure, with high level of fragmentation and overlapping of responsibilities, and the improper use of economic instruments for public policy goals, especially when applied at different levels of government without proper monitoring and evaluation systems in place.

Alternative finance

There is little evidence of the use of alternative finance in BiH such as impact investing; impact bonds (social or development impact bonds, Blue Bonds, Green Bonds); equity-based crowdfunding; forecast-based financial mechanism; microfinance; debt-for-nature swaps; or Islamic finance. Such instruments may have the potential for leveraging SDG financing. Furthermore, it would be interesting to explore potentials of the Human-Centered Business Model (HCBM) in the country and how it could contribute to the SDGs.¹⁴⁸

Forecasts for potential SDG finance sources for BiH

With the exception of ODA,¹⁴⁹ according to some forecasts¹⁵⁰ it seems most likely that virtually all other sources of potential SDG finance for BiH (national budget revenues, remittances, FDI, portfolio investment, other investment and financial services) will grow significantly by 2030. To ensure that these sources are used to the best effect, it seems relevant to increase the efficiency of public finance management overall, as state budget finance seems likely to remain the single largest source of potential SDG finance for most of the region. Efforts to more directly link public finance accounting to SDG targets and indicators seem particularly important. The adoption of the BiH SDG framework would stimulate a

¹⁴⁸ HCBM is an innovative sustainable business ecosystem that provides the tools and inputs to the private sector, public authorities and consumers when developing new businesses. At the center of the model are economic, social, environmental sustainability and ethical/integrity values that can lead to more sustainable business practices. See <https://www.worldbank.org/en/events/2019/02/21/human-centered-business-model> and <http://globalforumljid.com/new/sites/default/files/documents/communitiesOfPractice/HCBM%20Project%20Brief%20March%202019.pdf>

¹⁴⁹ While ODA for BiH as a potential candidate country for EU accession seems unlikely to significantly increase in the coming decade, countries that accede to the EU may gain access to significant post-accession funding (to the tune of 4-5% of GDP). If BiH were to accede to the EU by 2030, ODA-type inflows from Brussels could increase significantly.

¹⁵⁰ 2019, BiH SDG Framework: SDG finance, working document.

more precise measure of public-sector SDG finance. Furthermore, commercial finance could increase quite significantly in the coming decade, particularly if the country's reform and EU accession progress continues. On the other hand, reductions in potential SDG finance may be caused by political or macroeconomic shocks in producing unexpected cuts in financial inflows and GDP growth, and in depressing the value of the national currency.¹⁵¹

1.8. Analysis of risks for achievement of the 2030 Agenda

Risk assessments, especially multi-sectoral, are not regularly performed in BiH, and the development agenda in BiH is highly complex. Consensus-building and decision-making involves the state government, the two entities, and Brčko District. A challenge for SDG integration into national policies is a weak tradition of strategic planning vis-à-vis the need to plan with a 2030-time horizon. The SDGs are not meaningfully embedded in the policy documents of the state, the entities, and Brčko District. Taking into consideration its limited resources for both mitigation and adaptation measures, the country needs to clearly identify priorities. Aligning SDG implementation and monitoring with the EU accession process could sharpen the focus on the SDGs and ensure coherent implementation of priorities.

Stemming from the analysis given in the previous chapters, however, the key risk factors which are expected to continue in the immediate term to hamper BiH's overall progress, including implementation of the SDGs, could be summarized as follows:

- i) Lack of political will and of a common vision on the future of the country, in tandem with a further deterioration of the political atmosphere, which lead to government blockages at different levels and ineffectiveness in processing any decision or joint strategy (e.g., as already officially pointed out by the recent Revision of managing strategies at the BiH-level document);
- ii) unfavorable economic trends (including, possibly, a recession) which would further expose the fragility of the BiH financing systems;
- iii) further social polarization and rise of nationalism which would reduce any willingness to cooperate across communities or territorial lines, since the prevalence of nationalist and political priorities over development priorities will likely lead to resources being spent to the detriment of the most vulnerable;
- iv) societal, expert and labor gaps created by mass emigration would impact the social welfare system and dampen growth;
- v) further deterioration of citizen's trust in the institutions and systems in place, with a greater spread of apathy and even greater numbers of people emigrating;
- vi) high risk of natural hazards and insufficient response preparedness;
- vii) negative regional and global developments (e.g., changes in EU and Turkey migration and asylum policies might lead to increased refugee and migrant movements).

Like all transformations, economic transformation towards green and inclusive economy will involve entirely new mindset and set of skills among policy makers, coupled with renewed policy and strategic frameworks, considerable interplay between political, business, environmental and societal demands. The UN in Bosnia and Herzegovina can support capacity development of authorities for sustainable growth-conducive policies and measures; introduce progressive approaches and business innovations in the private sector to go to scale; sensitize society and encourage sustainable living culture and habits.

All three categories – political/economic, demographic, environmental – pose intermediate to high risks.

¹⁵¹ ibidem

Considering BiH's recent trajectory into uncharted territory, political risks are extremely difficult to gauge for reasoned forecasting; one indication are the ongoing negotiations about state-level and FBiH government formation, more than one year after the elections. The EC Opinion of May 2019 spells out in sufficient detail the multitude of serious structural challenges that the country still needs to meet – including at the constitutional level – in order to be able to assume the obligations of EU membership. In this sense, it can be argued that BiH is still very much a post-conflict state almost 25 years after the signing of the DPA. Moreover, by some assessments, BiH would need possibly over a decade or two to implement all the required reforms. The daunting list of unresolved yet critical shortcomings as well as EC concerns described in the Opinion pose severe risks to any institutional focus on the SDG implementation.

On a political-societal level, the relentless anti-Dayton rhetoric and narratives of hate, fear and division do not meet any meaningful response from the OHR or the wider international community. The spoiler elements in BiH, at this juncture, may surmise that there is an overall general atmosphere of a lack of accountability. Various unfulfilled wartime agendas are being openly promoted, and as a result, there has been a marked increase in officially sanctioned historical revisionism of facts and disregard for rules-based norms. This further erodes the social trust that would form a solid foundation for sustainable development.

Demographically, the implications of mass emigration and a rapidly shrinking population are manifold: For instance, it has had – and will continue to have – an impact on economic development, leading to a decrease in the labor force. It has increased the country's old-age dependency ratio and is generating huge pressures on social funds such as pensions and health care. The country is rapidly losing its young and skillful workforce, and registers lowest employment of women in the SEE. It will be increasingly difficult to find expertise in a broad range of fields and especially in more specialized work areas. This in turn endangers the actual achievement of the SDGs.

The Rapid Integrated Assessment (RIA) underlines that institutions need to create mechanisms and M&E tools at all administrative levels in BiH to facilitate practical implementation of strategic documents and facilitate periodic public reviews of progress against the SDGs. They need to enhance capacities of statistical agencies to complement existing indicators with disaggregated indices and indicators to cover cross-cutting dimensions of economic, social and environmental sustainable development at BiH, entity, cantonal and local levels in support of the 'leave no one behind' principle of the Agenda 2030.

Exposure to chronic natural hazards is a high-risk factor for BiH; among other things it also threatens development results in BiH. While some measures have been taken to address the country's fragile disaster risk preparedness following the devastating 2014 floods, the entire region still remains vulnerable to a broad array of natural and man-made hazards. The integration of environmental considerations into sectoral policies and legislation stands only at the early stages in energy, mining, transport, agriculture, forestry and health sectors, and has yet to be initiated in the tourism and education sectors. Such low levels of integration are partially explained by the weak legal framework for strategic environmental assessments and the limited use of this tool. BiH has not yet put in place an overall effective coordination framework to ensure robust progress in meeting the obligations deriving from relevant environmental strategies, plans and international agreements. No body exists in the country that can regularly bring together the sectoral authorities and stakeholders to coordinate and discuss broader issues of sustainable development.

BiH reports the existence of a National Platform for Disaster Risk Reduction, established in 2013 and used as a multi-stakeholder forum for exchange of opinions, proposals and achievements contributing to disaster risk reduction.¹⁵²

Institutionally, in assessing BiH's trajectory towards meeting the SDGs, the following factors require close monitoring:

- Political tensions and economic trends;
- Governments' commitment to reforms, including coordination at the state level and harmonization of policies;
- Governments' concrete implementation of other key sectoral reforms, as following the EC Opinion;
- Human resources/expertise and financial means of key relevant institutions working on the SDGs Framework;
- Sustainability of endorsed policy and regulatory changes, as well as newly introduced practices;
- Trust of ordinary citizens in their government(s) and their willingness to actively participate in various actions related to SDGs (based on public perception indicators which show low trust and low citizen engagement in their societies).

1.9. Gaps and challenges towards achieving the 2030 Agenda

This section, rather than enumerating bottlenecks or implementation gaps in specific sectors, provides an overview of **common challenges** preventing progress toward the SDGs across policy areas.

At present, the two most elementary bottlenecks are the absence of a country-wide national vision for sustainable development, analyzed in Section 1.2, and the related issue of systemic weaknesses in collecting and analyzing statistical data in the country, making the establishment of any kind of baseline challenging. Neither government institutions at state and entity levels nor the international community have been able to find a solution to using different methodologies for the 2013 census data resulting in two census reports (one officially recognized at state and FBiH level and another one recognized only by RS); it is of the outmost importance to plan and implement the next census in a way that would complement current initiatives towards the development of population projections for the country. Without adequate statistical data collected in predefined time intervals, no progress related to SDG implementation will be possible to measure and report through VNRs.

Quality, accessible, timely and reliable **disaggregated data** will help with the measurement of progress to ensure that no one is left behind. However, attaining a clear picture of the demographic situation and population profile in BiH, including disaggregated information on characteristics such as sex, age, ethnicity, disability, socioeconomic status, employment and place of residence, is severely hampered by the lack of data. For example, the Committee on the Rights of Persons with Disabilities expressed concern that BiH is not collecting and analyzing proper, disaggregated data on the situation of persons with disabilities. In view of measuring progress against the SDG targets, BiH needs to develop systematic rights-based data collection, dissemination and analysis tools, which should inform legal, policy and practice reform processes towards achieving the 2030 Agenda.

Against this background, the SDG consultations held in May 2018 helped identify the following four crosscutting issue areas as the headings under which the most fundamental challenges fall:

- **Democratic governance and peace:** Many of the constraints listed by all of the groups reflected on the need for more coherent and transparent governance institutions that are free from corruption.

¹⁵² UNDRR (August 2017), *Overview of National Platforms for DRR in Europe*.

Clearly, concerns related to the impact of effective governance and administrative arrangements emerged from all groups. Specific reference was made to the need for much greater transparency, rule of law, creating effective administrative arrangements in the complex governance system in the country and promoting a more just and stable society. All groups emphasized the opportunity that **future EU accession** would offer in terms of sustainable development and saw this as providing the momentum to strengthen effective institutions and foster better governance, peace and the rule of law.

- **Education:** This was mentioned by every group for all types of education needs, from addressing ethnic segregation, improving access to and quality of compulsory education, including early childhood education, more opportunities for vocational education and skills development, to improving knowledge on sustainable development and natural resources management.
- **Economic potential:** The potential of certain sectors, such as agriculture and tourism (tied to effective natural resource management), the need for additional financing to meet development needs and the untapped potential of creative young people and existing human capacity were highlighted. In respect to the challenges, **inequality of opportunity**, segregation in the labor market and insufficient economic development emerged strongly.
- **Natural resources:** The abundance and quality of natural resources was mentioned across the groups, including the need for sustainable use of these resources, which is only in its infancy. While human capital was often highlighted, all groups emphasized natural resources as an asset to support sustainable development. This would require the development of a country-wide strategy to support this **vision of an environmentally clean and sustainable BiH**.

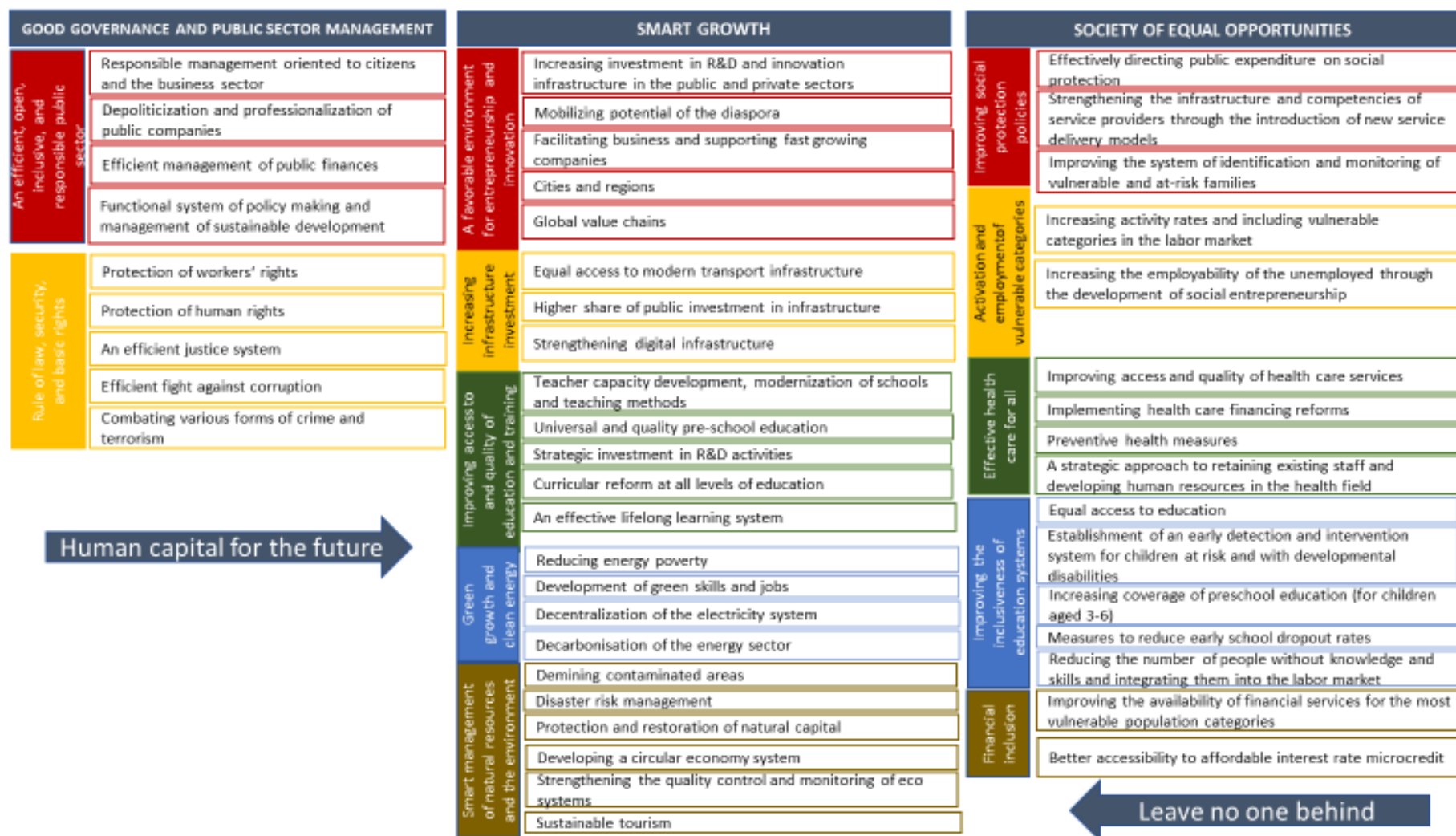
The issues identified during consultations in 2018 were elaborated in the zero draft of the SDG Framework in BiH which was further consulted on during June consultations in 2019 with 250 people and on which numerous narrative comments from multiple stakeholders were received and were reflected in the key pathways that through consultations were recognized as having the potential to unlock development in BiH. These pathways, which have several important interlinkages, reflect both BiH's development circumstances and priorities and key sustainable development drivers (Figure 7). These pathways are:

- **Good governance and public sector management**
- **Smart growth**
- **Society of equal opportunities,**

The analysis and consultations identified two cross cutting areas of focus, due to disadvantaged position and potential for driving the change – youth and gender equality and improvement of position of women.

This section of the CCA will need thorough and frequent rework and update as the UNCT and the country better grasps and understands sustainable development challenges over time, including key gaps in knowledge and further analysis that is needed to better understand different phenomena and provide knowledge/analytical offering for economic transformation, social transformation and mindset transformation needed for the achievement of the Agenda 2030 in Bosnia and Herzegovina.

Figure 7—BiH's sustainable development pathways, accelerator areas and drivers



Source: SDG Framework in BiH document (draft February 2020).